



**Massachusetts Acute Hospital
Financial Performance:
Fiscal Year 2009 through Quarter 3**

Division of Health Care Finance and Policy

September 2009

About this Report

This report is prepared in response to M.G.L. c. 118G, section 6A, which requires the Division of Health Care Finance and Policy (DHCFP) to assess and report on Massachusetts acute hospital financial performance. It provides a statewide analysis of acute hospital financial data over eight periods (fiscal year 2002 through quarter three of fiscal year 2009). The report examines hospital profitability, liquidity, and capital structure ratios in order to monitor the financial status of acute hospitals. Presented are industry analyses by quartiles and medians and comparisons of financial performance trends of different hospital cohorts: teaching, community, and disproportionate share hospitals. Caution should be taken when interpreting quarterly results as quarterly performance may not necessarily be indicative of year end results. The report is accompanied by individual hospital fact sheets detailing financial trends, which are available on the DHCFP website:

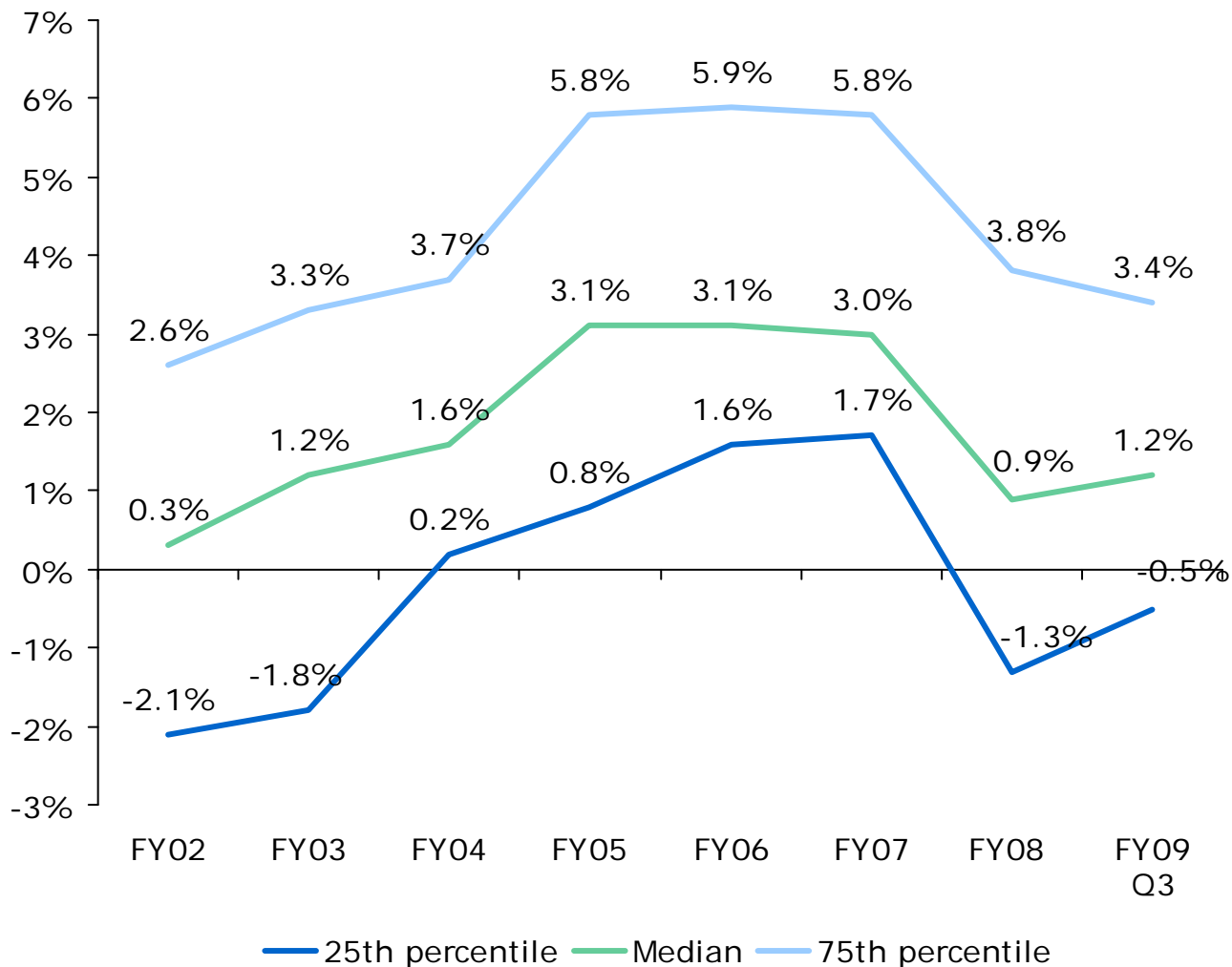
www.mass.gov/dhcfp.

Summary of Findings for Fiscal Year 2009 through Quarter 3

- Overall profitability of most Massachusetts acute care hospitals improved during the first three quarters of fiscal year 2009; operating margins also increased for many hospitals during this same period. Operating margin is an important financial indicator as it reflects a hospital's profitability with regards to its operating income. Declines in profitability for some hospitals was primarily due to changes in non-operating income. The hospital market, along with many industries, has experienced the effect of the recent economic turmoil including the credit crisis, problems in variable rate debt markets, the recession, and equity market declines. The economic impact is most likely seen in non-operating income, which is derived primarily from income related to investments, including interest, dividends, and realized gains/losses on securities sales; it also reflects unrestricted charitable donations.
- Many hospitals reported profitable financial performance; 62% reported positive total margins during the first three quarters of FY09 compared with 65% in FY08. Three quarters of hospitals (74%) reported operating profits and just over half of hospitals (52%) experienced non-operating losses during the first three quarters of FY09.
- Liquidity remained fairly stable: there was little change in the industry's median days to collect revenue, the median current ratio improved slightly and the median days taken to pay bills shortened by three days during the first three quarters of FY09.
- Equity ratios slightly declined primarily due to some hospitals declining total income during the first three quarters of FY09.
- Teaching hospitals experienced significant declines in total margins reflecting the poor performance of non-operating revenues. Community hospitals' median operating margin improved during the first three quarters of FY09 compared with FY08. Teaching hospitals took about seven days longer to collect revenue than community hospitals during the first three quarters of FY09.
- Disproportionate share hospitals' and all other hospitals' median total margin improved during the first three quarters of FY09 compared with FY08. Disproportionate share hospitals' median operating margin was flat during this same time period. Disproportionate share hospitals took about eight days longer to pay their bills than all other hospitals during the first three quarters of FY09.



Acute Hospital Total Margin



Many hospitals experienced positive total margins during the first three quarters of FY09. Some hospitals experienced declines in total profits, particularly among the financially strongest hospitals.

Twenty-five hospitals (38%) reported a total loss during the first three quarters of FY09.

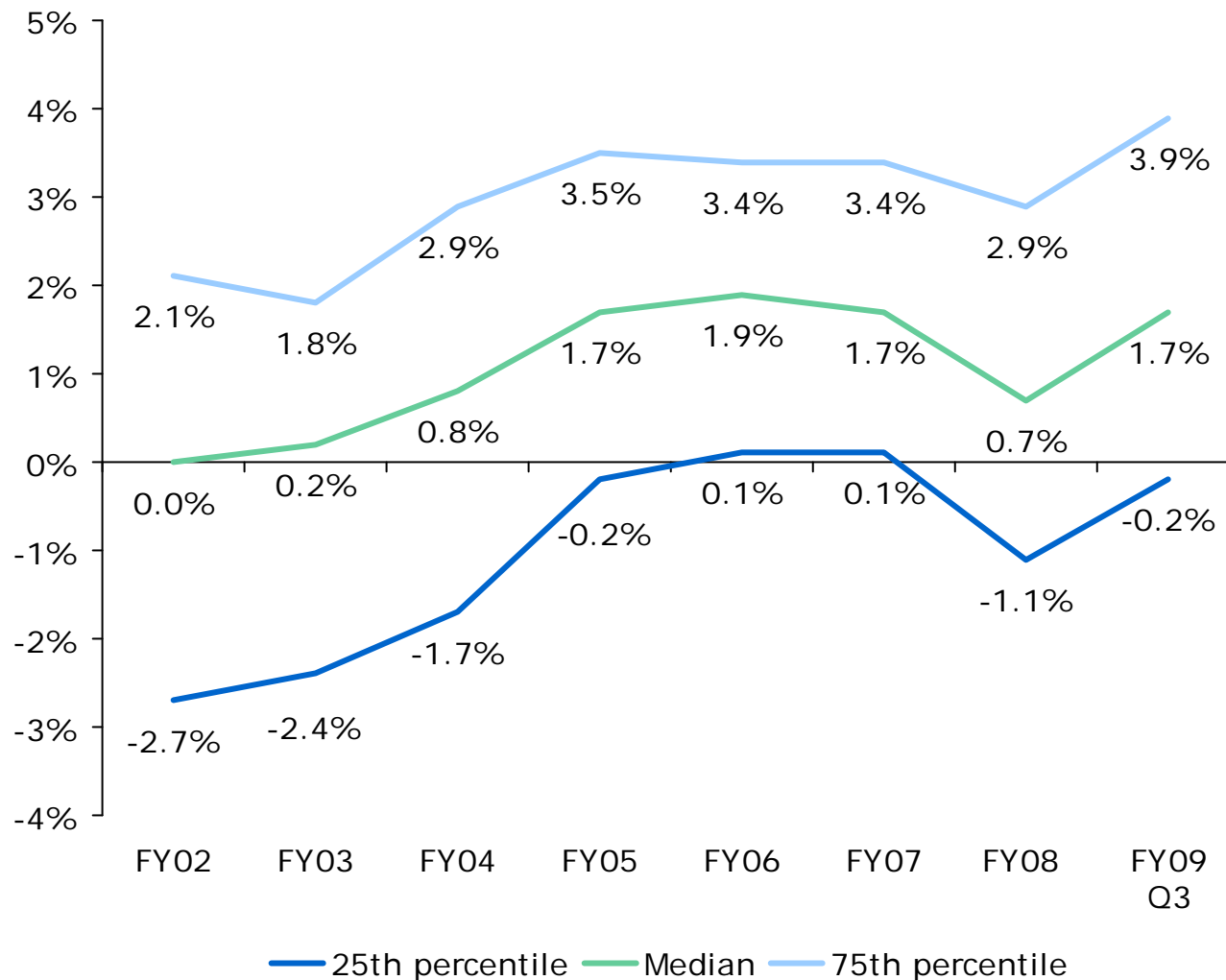
**Benchmark: Northeast US
median FY07 = 2.7%**

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Total margin is the ratio of total income to total revenue.



Acute Hospital Operating Margin



Operating margin is an important indicator of hospital profitability as it is a reflection of income from operations.

Overall, operating margins improved, with the median operating margin increasing from 0.7% in FY08 to 1.7% during the first three quarters of FY09. Seventeen hospitals (26%) reported a loss from operations during the same period.

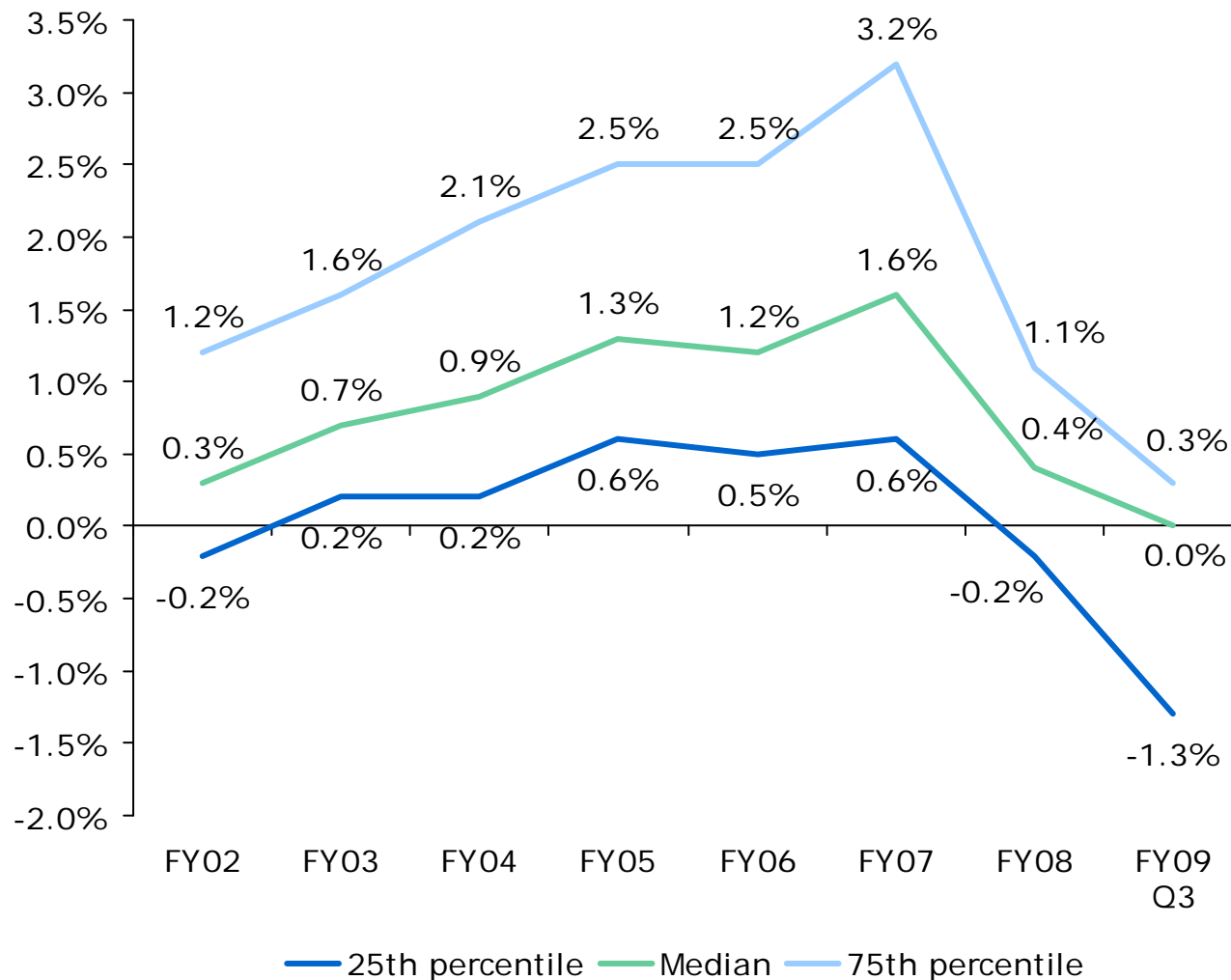
Benchmark: Northeast US median FY07 = 1.5%

Benchmark Source: INGENIX Consulting based on the hospital financial database used for the 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Operating margin is the ratio of operating income to total revenue.



Acute Hospital Non-Operating Margin



Non-operating income is derived primarily from income related to investments, including interest, dividends, and realized gains/losses on securities sales; it also reflects unrestricted charitable donations.

Non-operating margins continued to decline during the first three quarters of FY09 reflecting the overall economic turmoil experienced during this time period. Thirty-four hospitals (52%) reported a non-operating loss during this period.

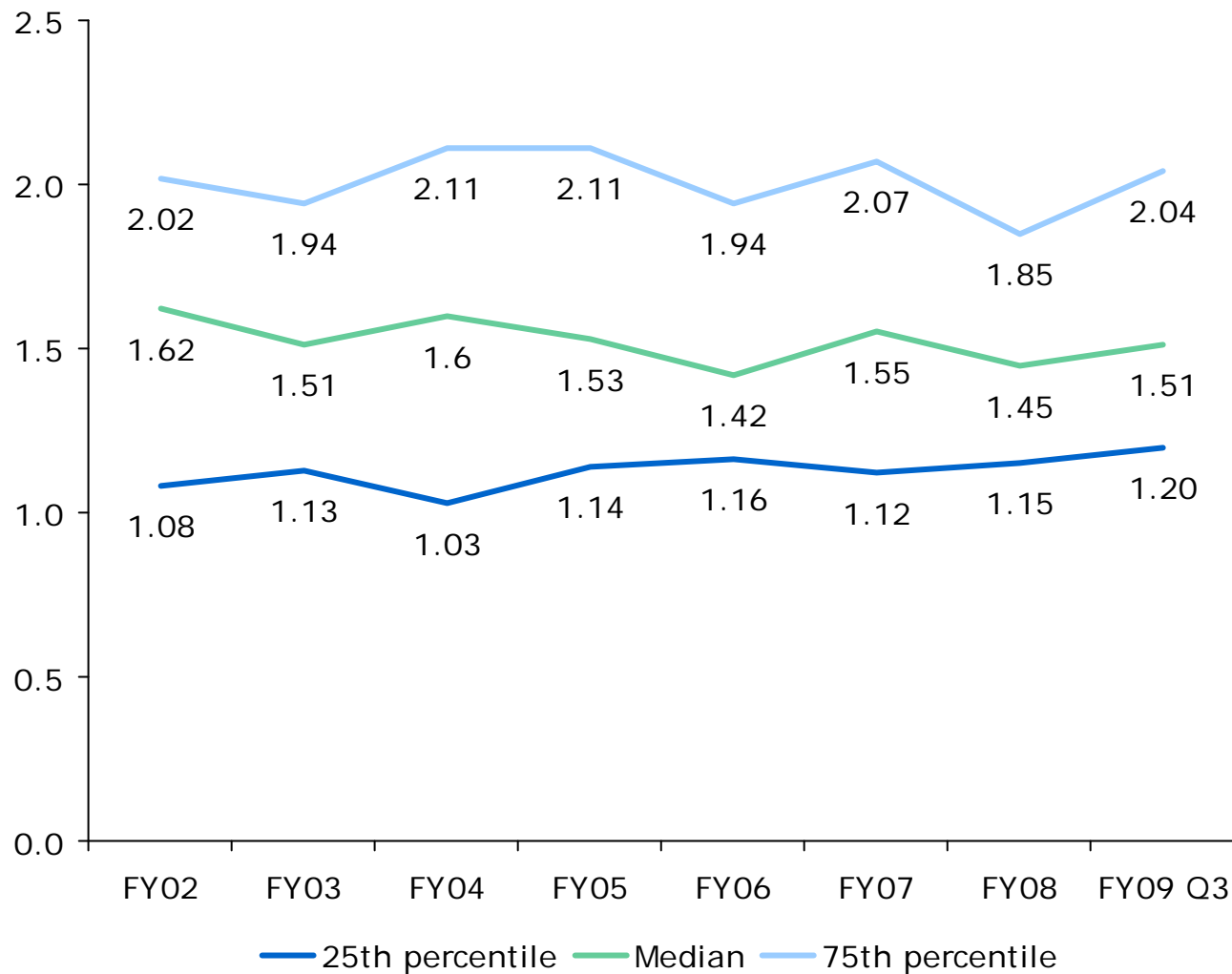
Benchmark: Northeast US median FY07 = 1.1%

Benchmark Source: INGENIX Consulting based on the hospital financial database used for the 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Non-operating margin is the ratio of non-operating income to total revenue.



Acute Hospital Current Ratio



A high current ratio indicates the ability to meet current liabilities and a lower probability of financial insolvency.

Massachusetts acute hospitals' short term liquidity slightly improved with the median current ratio rising to 1.51 during the first three quarters of FY09 from 1.45 in FY08.

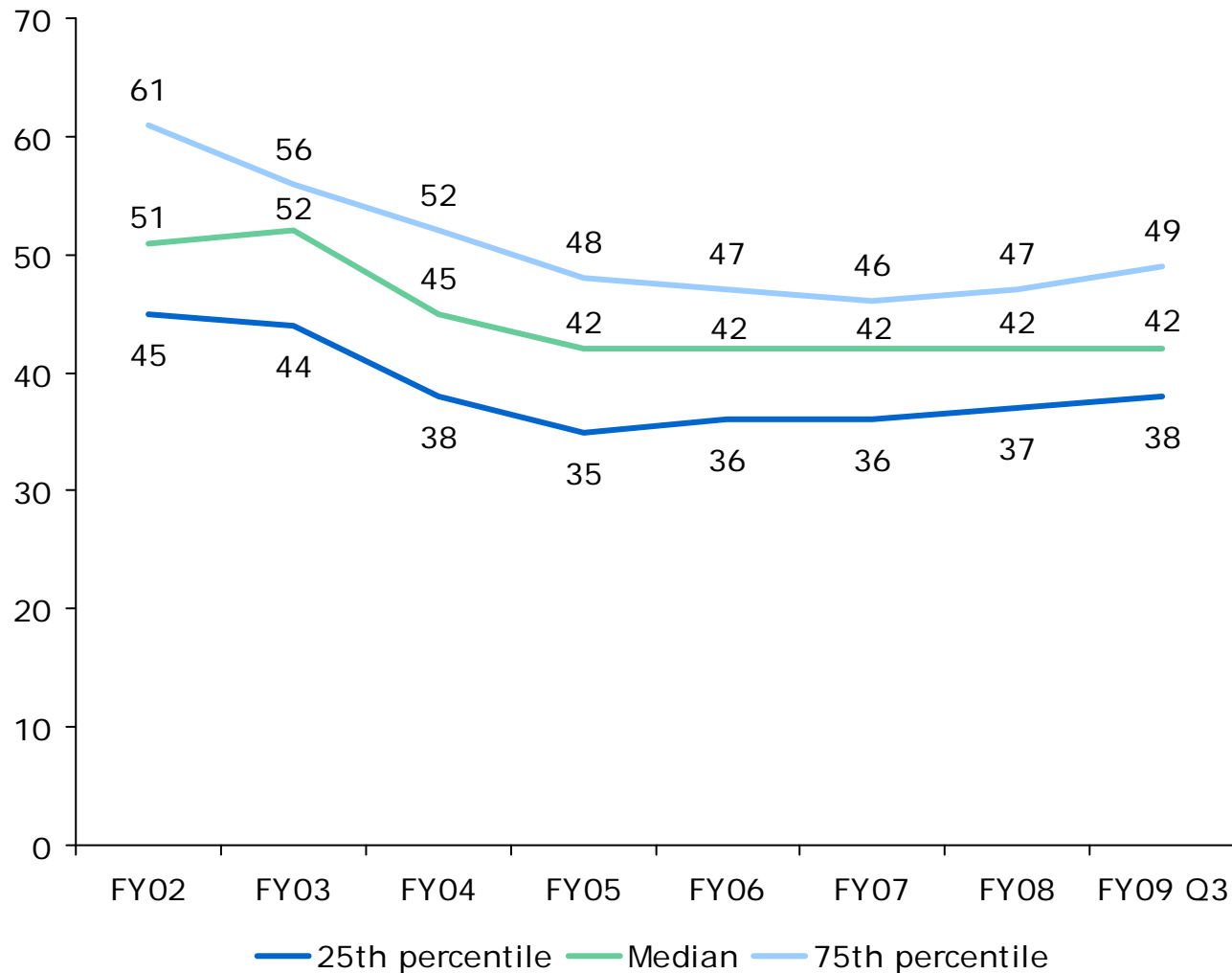
Benchmark: Northeast US median FY07 = 1.53

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Current ratio is the ratio of current assets to current liabilities.



Acute Hospital Days in Accounts Receivable



The days in accounts receivable ratio measures the average number of days that patient receivables are outstanding, or the average collection period.

The median number of days taken to collect revenue maintained a stable trend during the first three quarters of FY09.

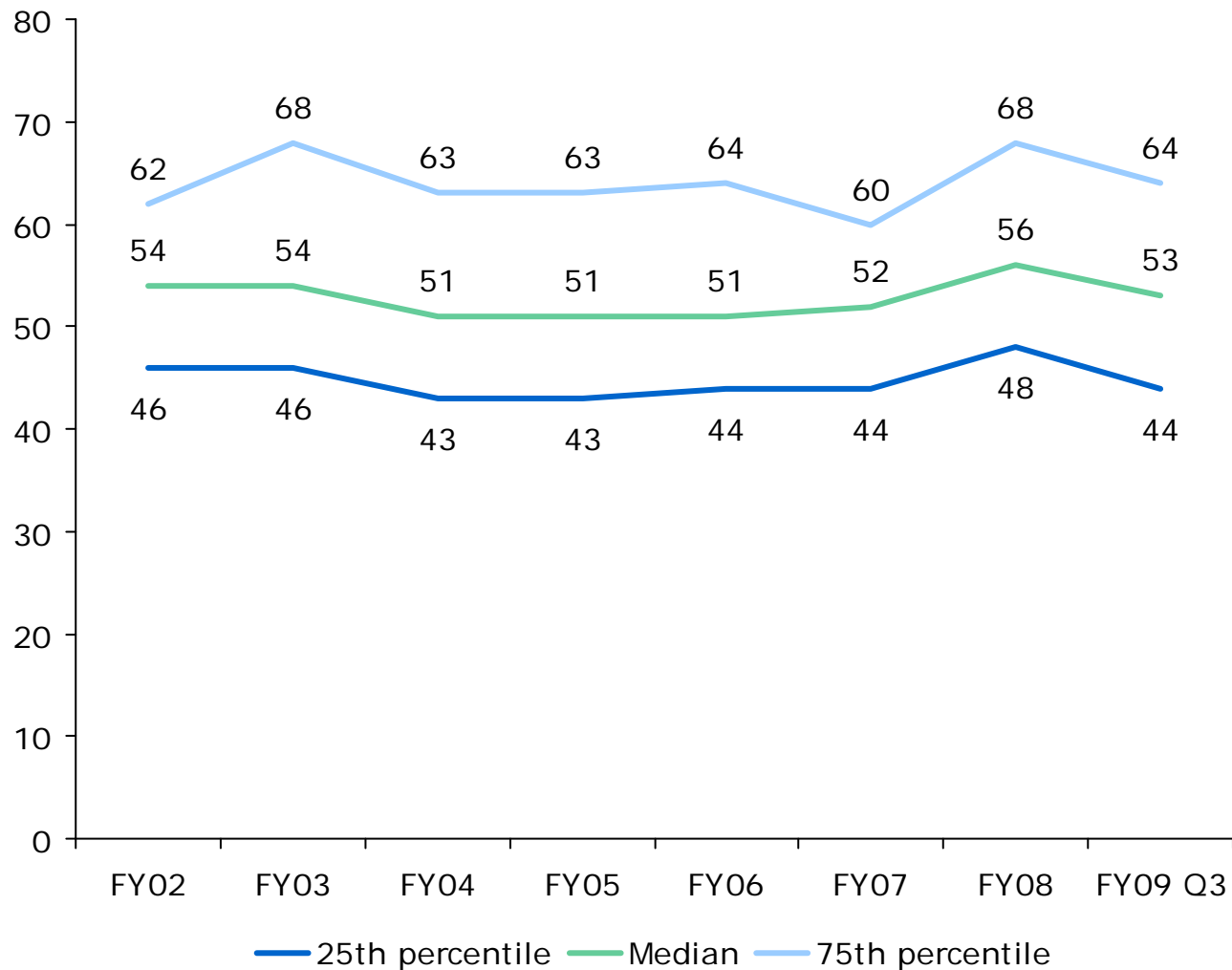
Benchmark: Northeast US median FY07 = 46.8

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Days in accounts receivable is the ratio of net patient accounts receivable to net patient service revenue/(quarters of data x 91.25).



Acute Hospital Average Payment Period



The average payment period ratio measures the time it takes to pay current liabilities. High values indicate potential liquidity problems.

Massachusetts acute hospitals took fewer days to pay bills with the median number of days taken to pay creditors decreasing to 53 days during the first three quarters of FY09 from 56 days in FY08.

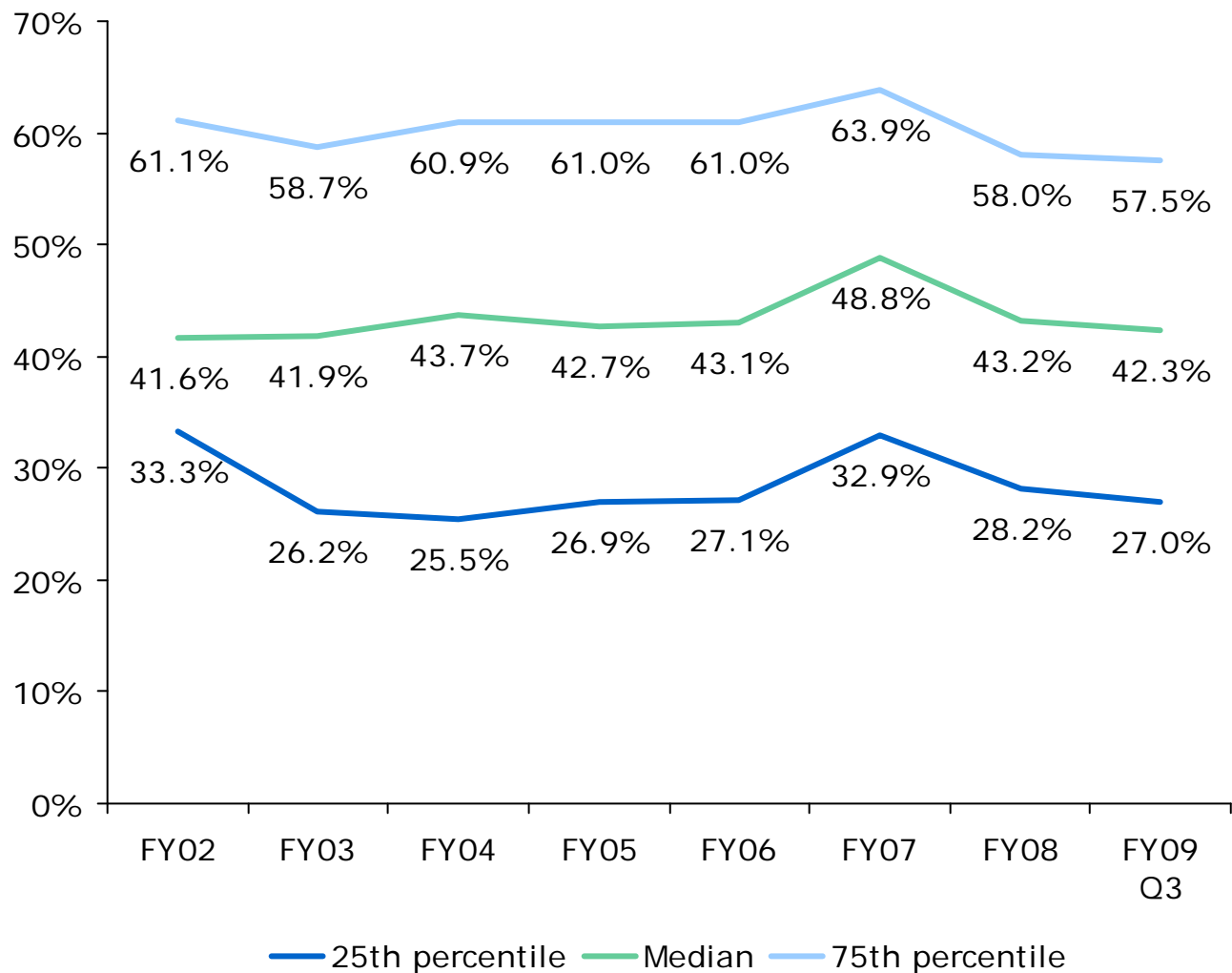
Benchmark: Northeast US median FY07 = 60.7

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Average payment period is the ratio of current liabilities less estimated third-party settlements to total expenses less depreciation and amortization/quarters of data x 91.25.



Acute Hospital Equity Financing



The equity financing ratio measures the proportion of total assets financed with equity.

Acute hospitals' equity financing slightly declined during the first three quarters of FY09 from FY08, reflecting some hospitals' declining position in net assets.

Benchmark: Northeast US median FY07 = 48.3%

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Equity financing is the ratio of total net assets to total assets.



Teaching and Community Hospitals

- In this analysis, the Division of Health Care Finance and Policy defined teaching hospitals according to the Medicare Payment Advisory Commission's (MedPAC) definition of a major teaching hospital: at least 25 full time equivalent medical school residents per one hundred inpatient beds.
- Based on this definition and using a 2006 base year, the 15 hospitals listed below were assigned to the teaching cohort for all the years of this analysis.

Teaching Hospitals

Baystate Medical Center
 Beth Israel Deaconess Medical Center
 Boston Medical Center
 Brigham and Women's Hospital
 Cambridge Health Alliance
 Caritas St. Elizabeth's Medical Center
 Children's Hospital Boston
 Dana-Farber Cancer Institute
 Lahey Clinic
 Massachusetts Eye and Ear Infirmary
 Massachusetts General Hospital
 Mount Auburn Hospital
 Saint Vincent Hospital
 Tufts Medical Center
 UMass Memorial Medical Center

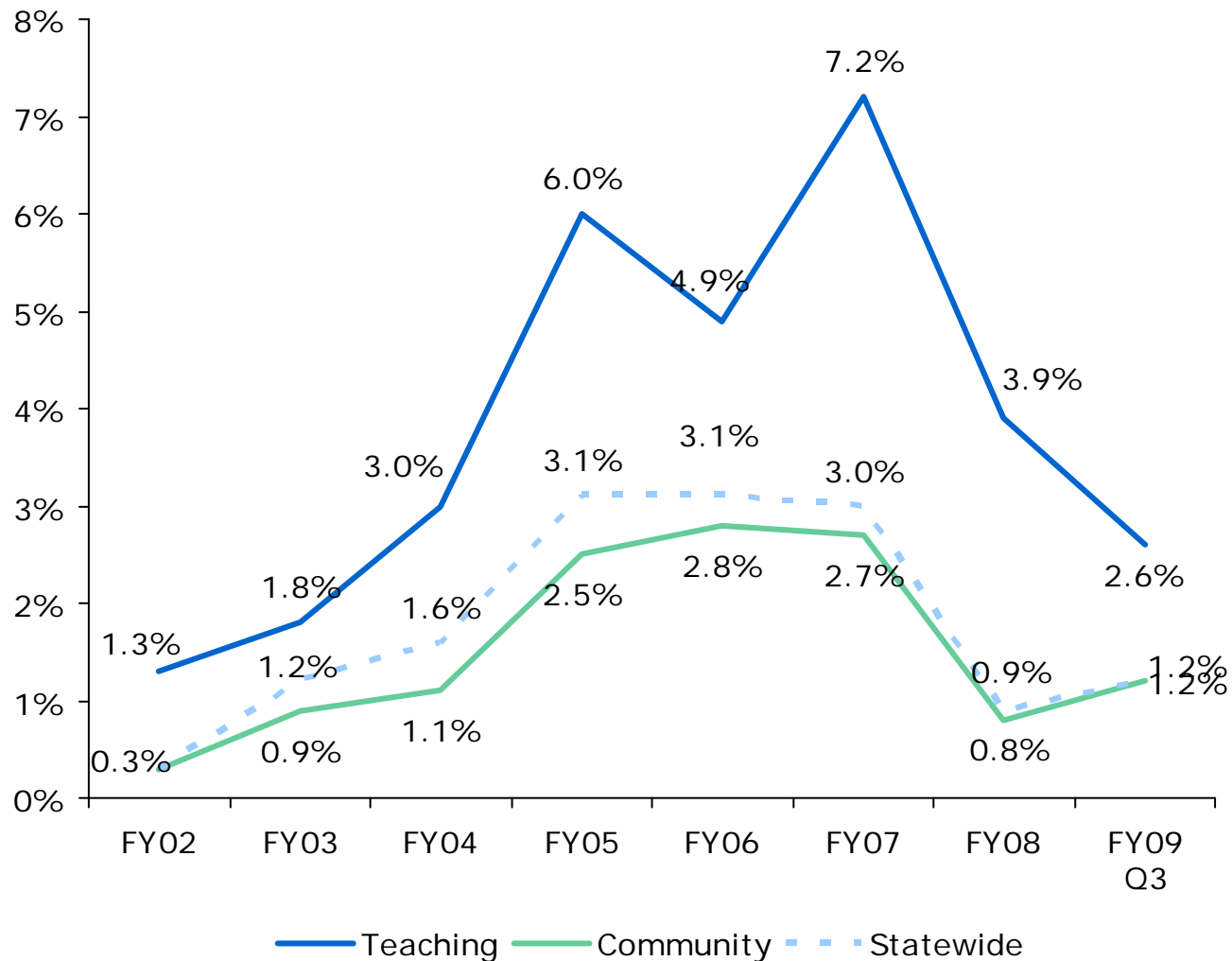
Community Hospitals

Anna Jaques Hospital
 Athol Memorial Hospital
 Baystate Franklin Medical Center
 Baystate Mary Lane Hospital
 Berkshire Medical Center
 Beth Israel Deaconess Hospital-Needham
 Cape Cod Hospital
 Caritas Carney Hospital
 Caritas Good Samaritan Medical Center
 Caritas Holy Family Hospital
 Caritas Norwood Hospital
 Clinton Hospital
 Cooley Dickinson Hospital
 Emerson Hospital
 Fairview Hospital
 Falmouth Hospital
 Faulkner Hospital
 Hallmark Health
 Harrington Memorial Hospital
 Health Alliance Hospital
 Heywood Hospital
 Holyoke Medical Center
 Jordan Hospital
 Lawrence General Hospital
 Lowell General Hospital
 Marlborough Hospital
 Martha's Vineyard Hospital
 Mercy Medical Center
 Merrimack Valley Hospital
 MetroWest Medical Center
 Milford Regional Medical Center
 Milton Hospital
 Morton Hospital and Medical Center
 Nantucket Cottage Hospital
 Nashoba Valley Medical Center
 New England Baptist Hospital
 Newton-Wellesley Hospital
 Noble Hospital
 North Adams Regional Hospital
 North Shore Medical Center
 Northeast Hospital
 Quincy Medical Center
 Saint Anne's Hospital
 Saints Medical Center
 Signature Healthcare Brockton Hospital
 South Shore Hospital
 Southcoast Hospitals Group
 Sturdy Memorial Hospital
 Winchester Hospital
 Wing Memorial Hospital and Medical Centers



Acute Hospital Median Total Margin

Teaching vs. Community Hospitals



Teaching hospitals had significantly higher profitability than community hospitals in each of the past seven years. However, since FY07, teaching hospitals' median total margin has declined significantly, narrowing the gap with community hospitals.

The median total margin was 2.6% for teaching hospitals compared with 1.2% for community hospitals during the first three quarters of FY09.

Benchmark: Northeast US median FY07 = 2.7%

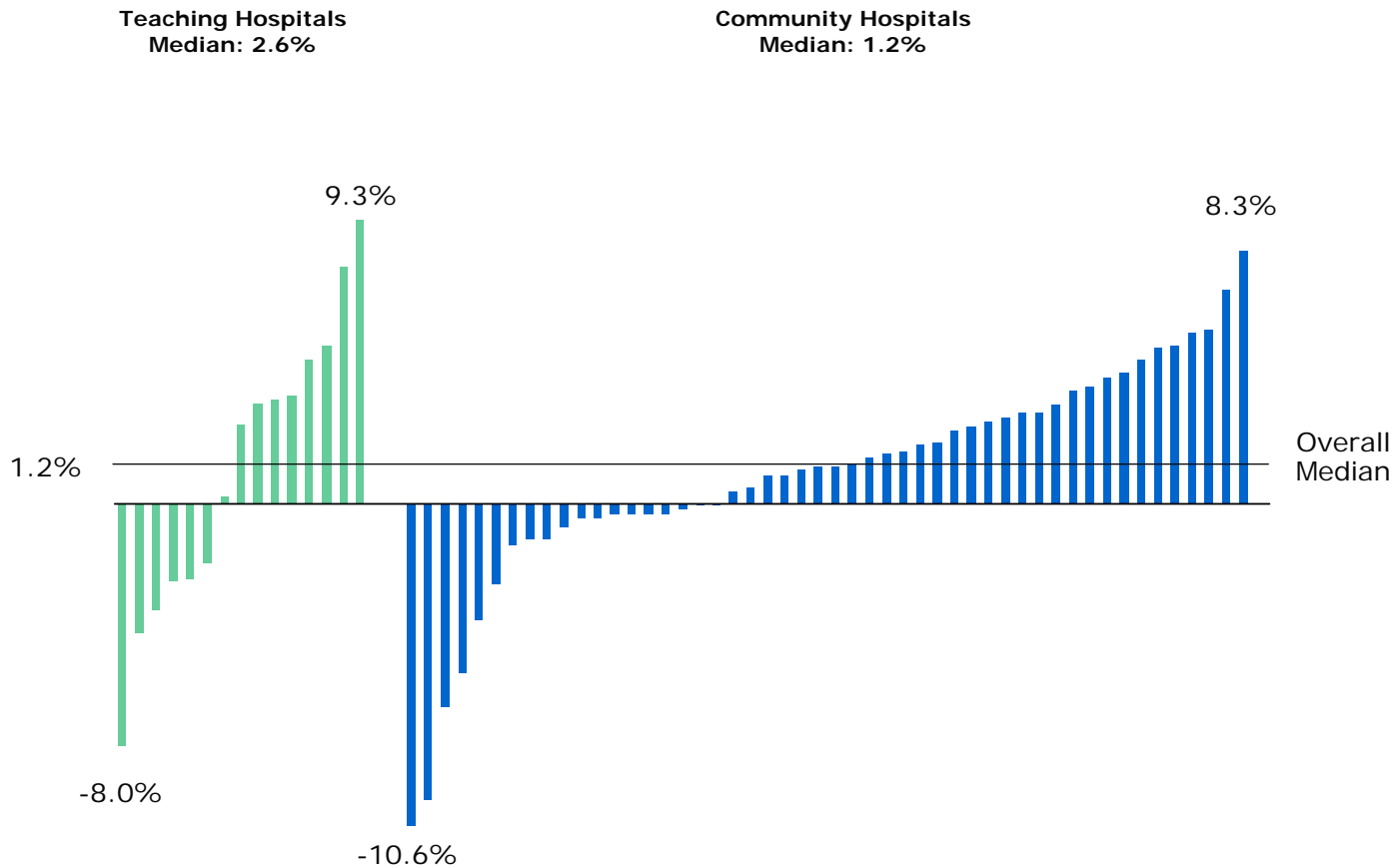
Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Total margin is the ratio of total income to total revenue.



Acute Hospital Total Margin

Teaching vs. Community Hospitals, FY09 Q3



The overall financial performance of acute hospitals varies widely.

Six teaching hospitals (40%) and nineteen community hospitals (38%) reported losses during the first three quarters of FY09.

Benchmark: Northeast US
median FY07 = 2.7%

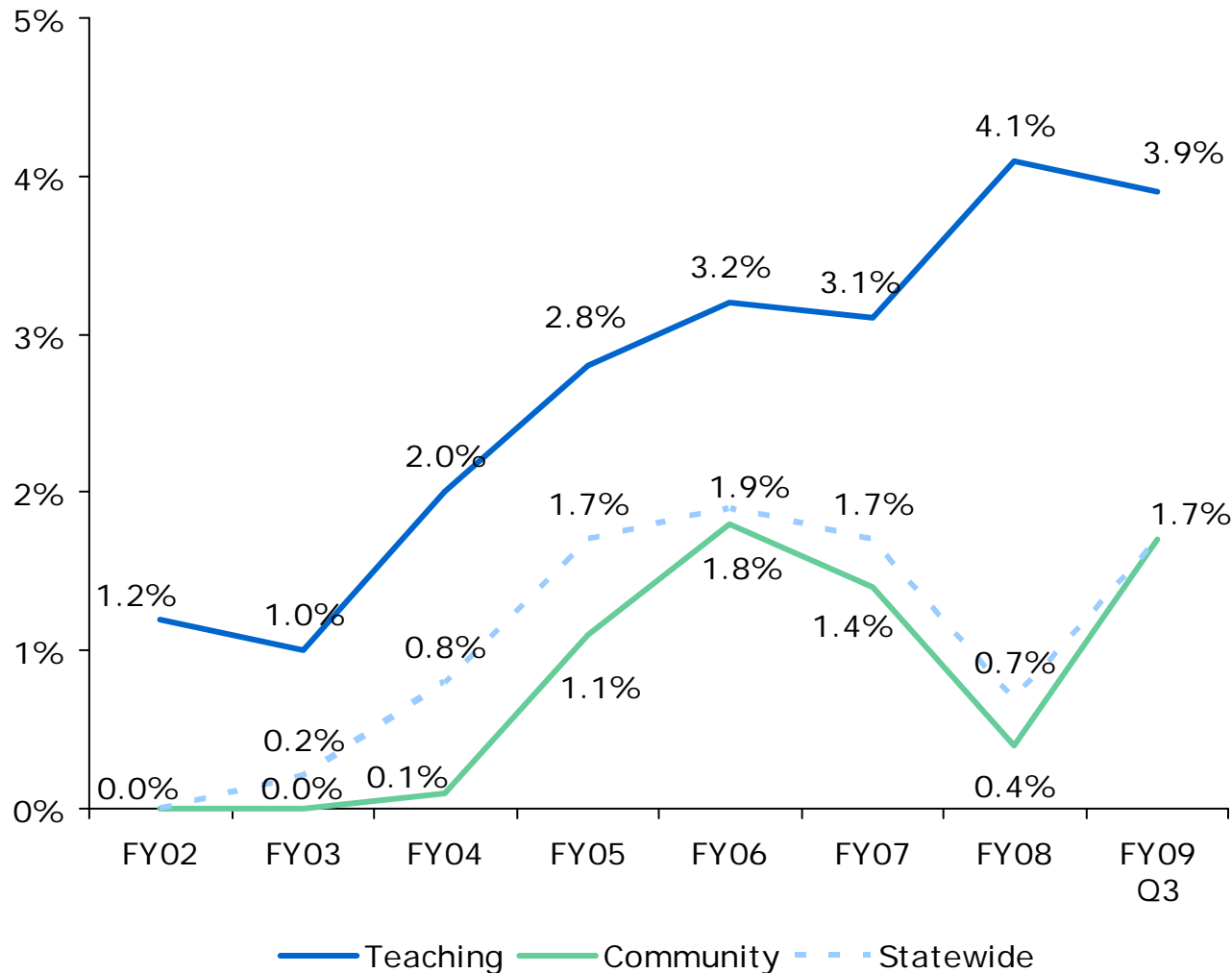
Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX



Note: Total margin is the ratio of total income to total revenue.

Acute Hospital Median Operating Margin

Teaching vs. Community Hospitals



The median operating margin slightly declined for teaching hospitals and increased for community hospitals during the first three quarters of FY09 compared with FY08.

Teaching hospitals' median operating margin was more than twice as high as community hospitals' median operating margin (3.9% vs. 1.7%) during the first three quarters of FY09.

Benchmark: Northeast US median FY07 = 1.5%

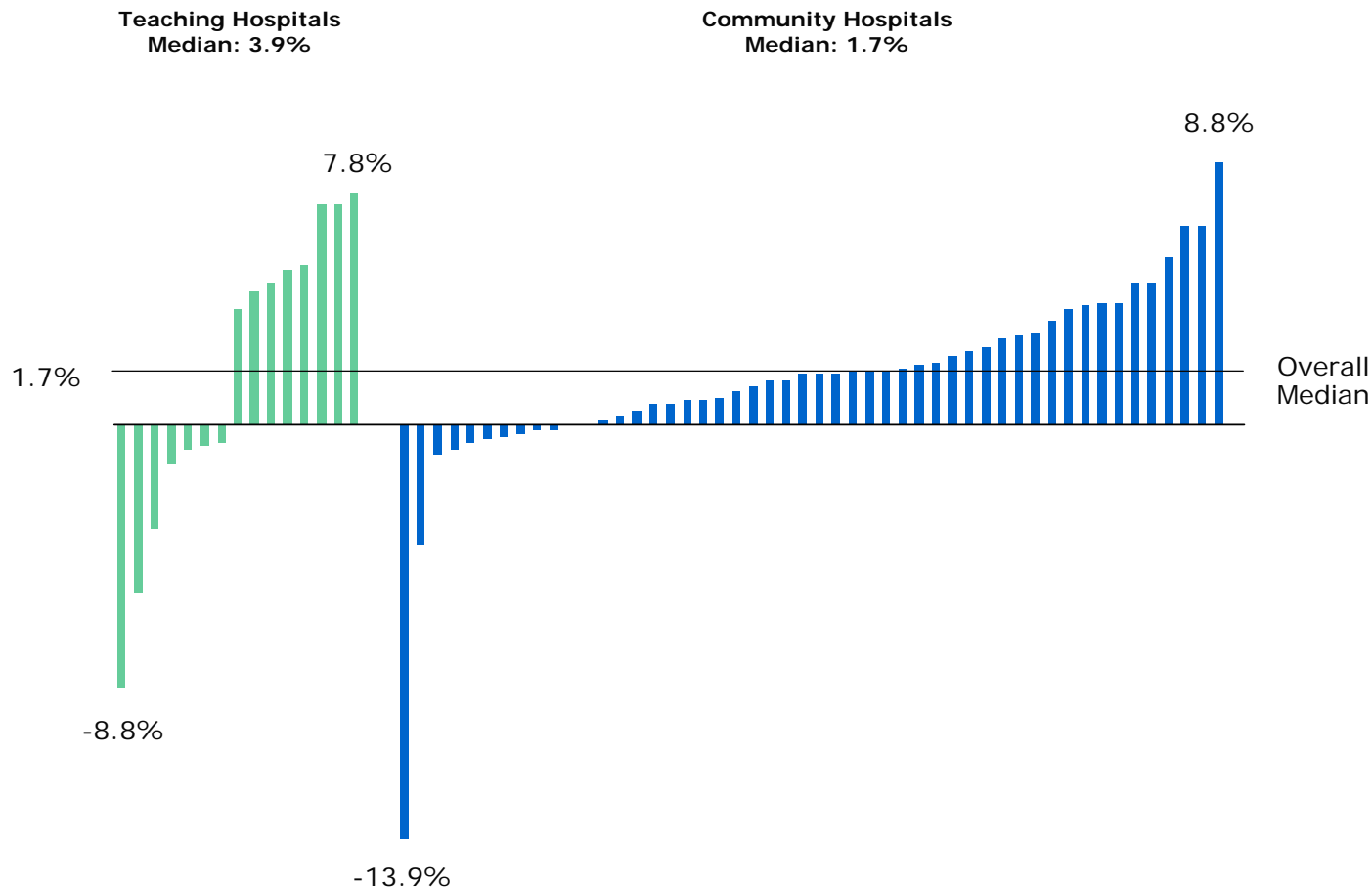
Benchmark Source: INGENIX Consulting based on the hospital financial database used for the 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Operating margin is the ratio of operating income to total revenue.



Acute Hospital Operating Margin

Teaching vs. Community Hospitals, FY09 Q3



Three quarters of acute hospitals (74%) experienced positive operating margins during the first three quarters of FY09.

Seven teaching hospitals (47%) and ten community hospitals (20%) reported operating losses during the first three quarters of FY09.

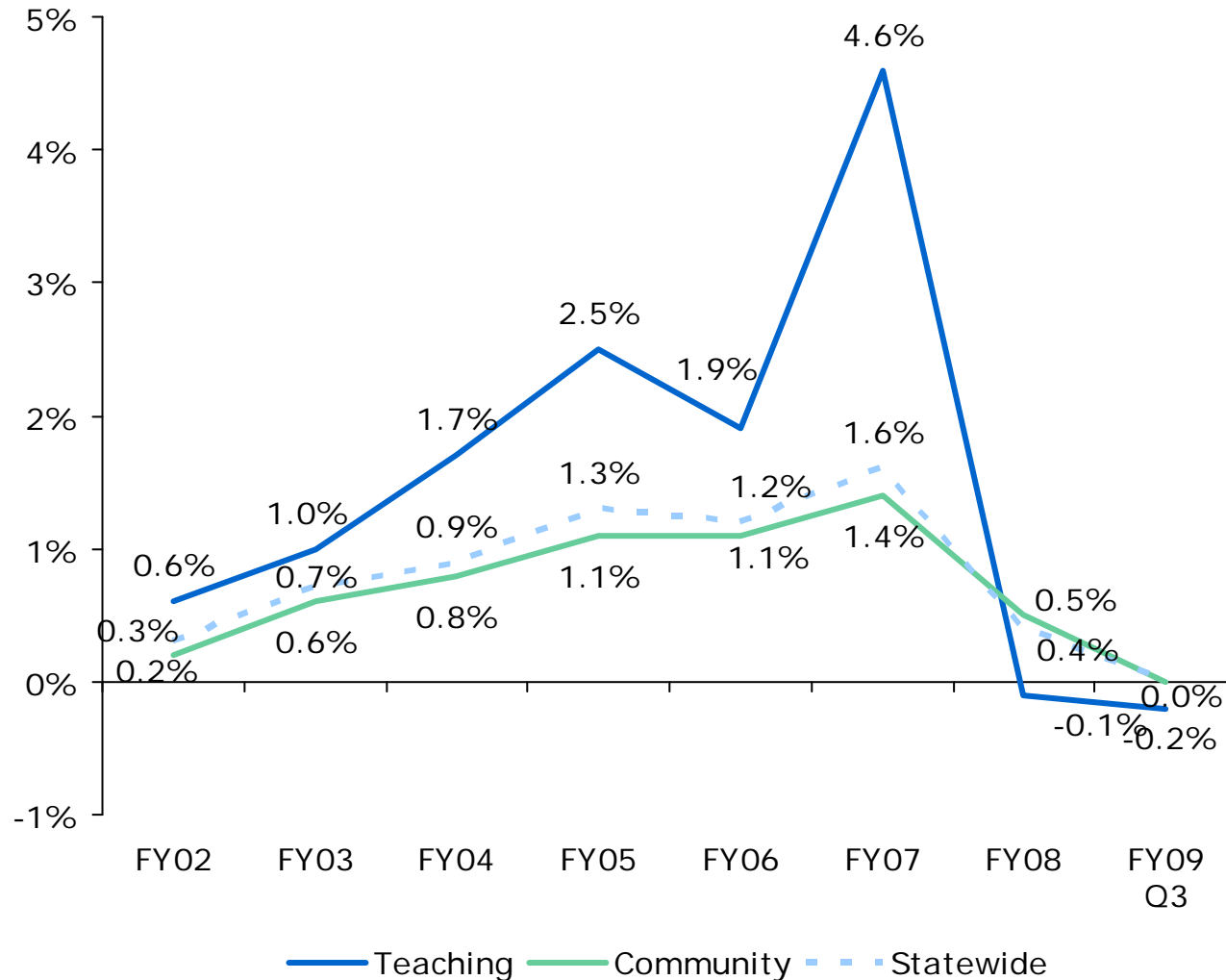
Benchmark: Northeast US median FY07 = 1.5%

Benchmark Source: INGENIX Consulting based on the hospital financial database used for the 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX



Note: Operating margin is the ratio of operating income to total revenue.

Acute Hospital Median Non-Operating Margin Teaching vs. Community Hospitals



Teaching and community hospitals' median non-operating margin continued to decline during the first three quarters of FY09.

Declines in non-operating margins reflect reductions in income related to investments, including interest, dividends, and realized gains/losses on securities sales as well as declines in unrestricted charitable donations.

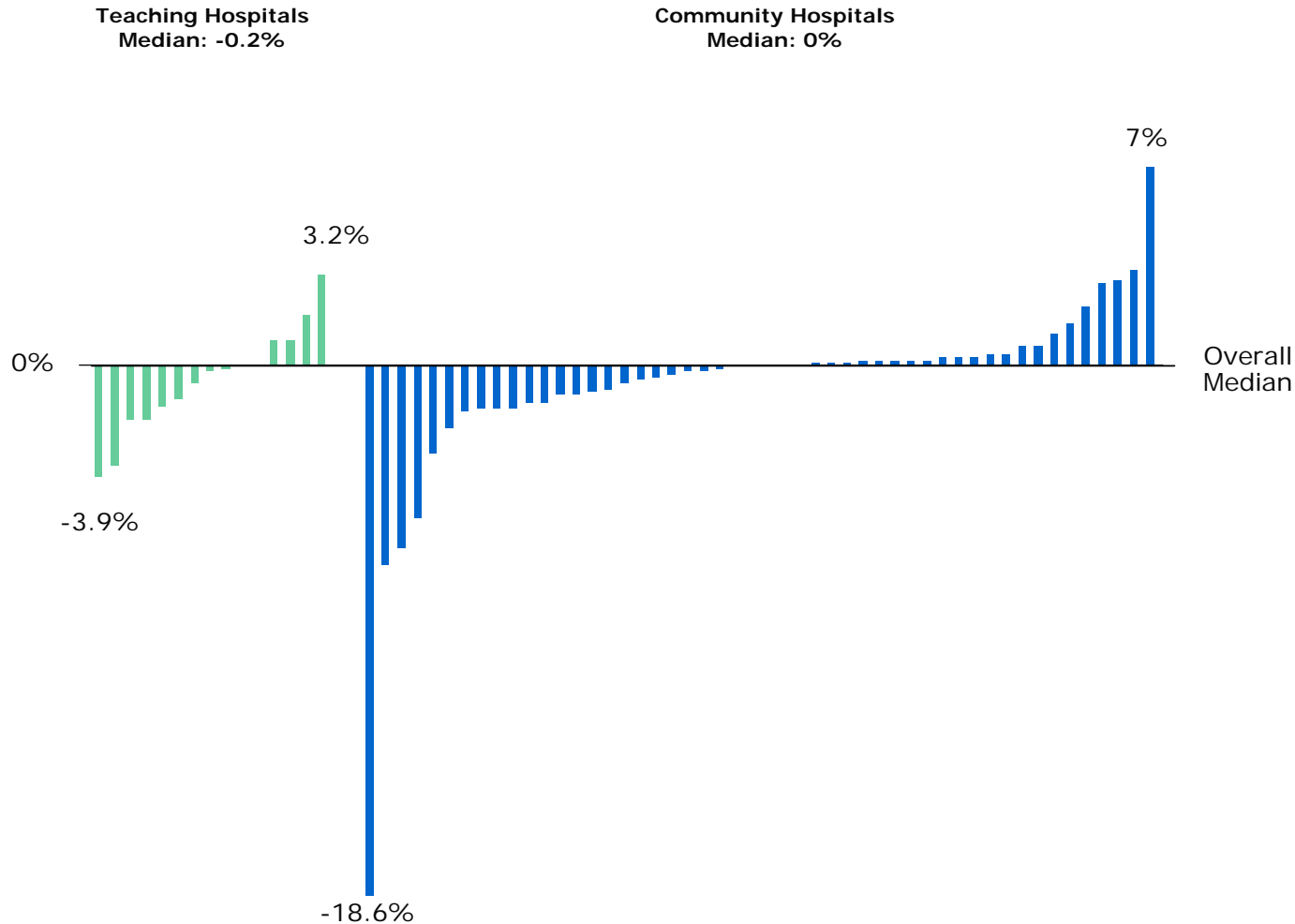
Benchmark: Northeast US median FY07 = 1.1%

Benchmark Source: INGENIX Consulting based on the hospital financial database used for the 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Non-operating margin is the ratio of non-operating income to total revenue.



Acute Hospital Non-Operating Margin Teaching vs. Community Hospitals, FY09 Q3



Over half of acute hospitals (52%) experienced non-operating losses during the first three quarters of FY09.

Nine teaching hospitals (60%) and twenty-five community hospitals (50%) reported non-operating losses during the first three quarters of FY09.

**Benchmark: Northeast US
median FY07 = 1.1%**

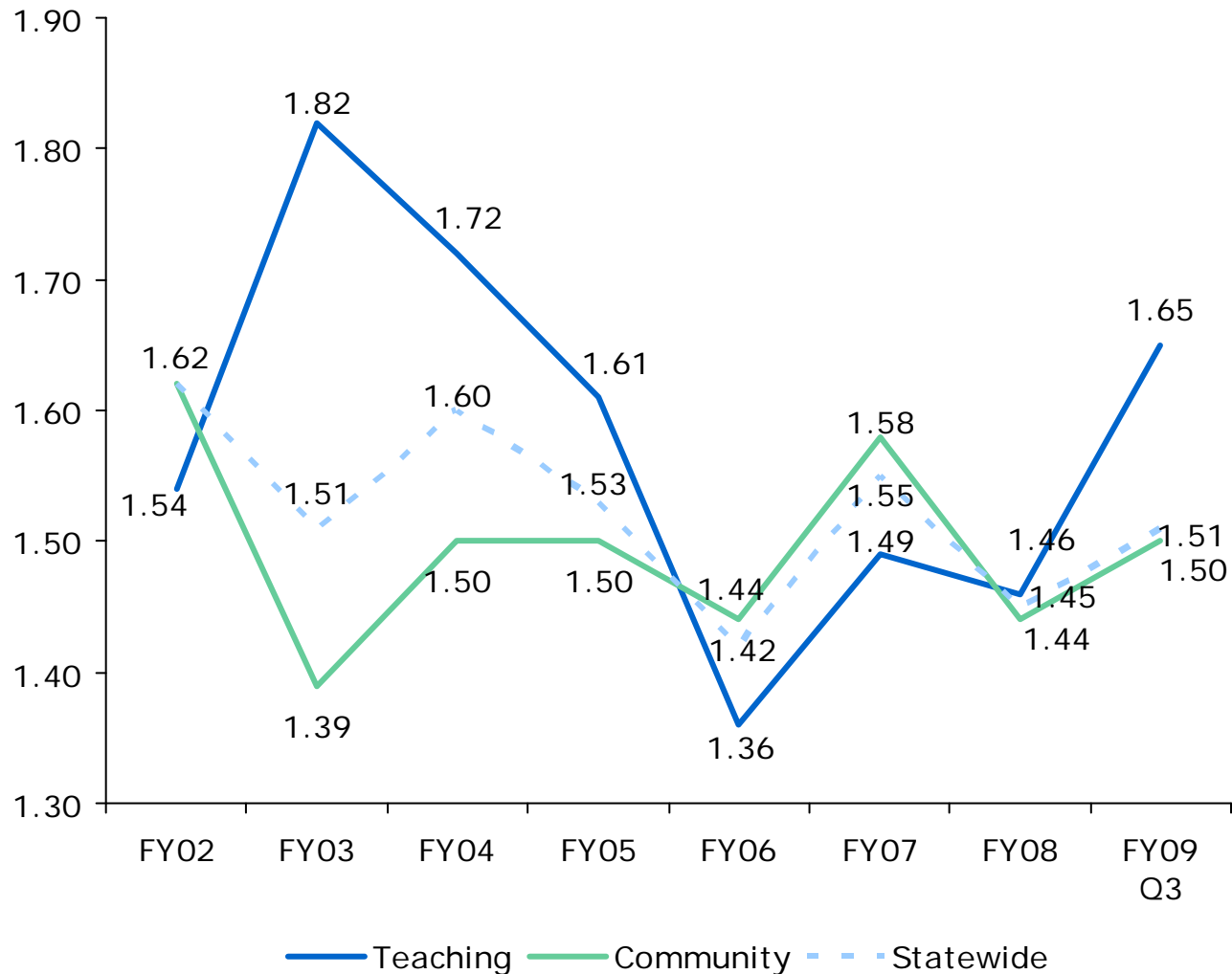
Benchmark Source: INGENIX Consulting based on the hospital financial database used for the 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Non-operating margin is the ratio of non-operating income to total revenue.



Acute Hospital Median Current Ratio

Teaching vs. Community Hospitals



Current ratios for teaching and community hospitals have varied over time. The median current ratio increased more for teaching hospitals than it did for community hospitals during the first three quarters of FY09.

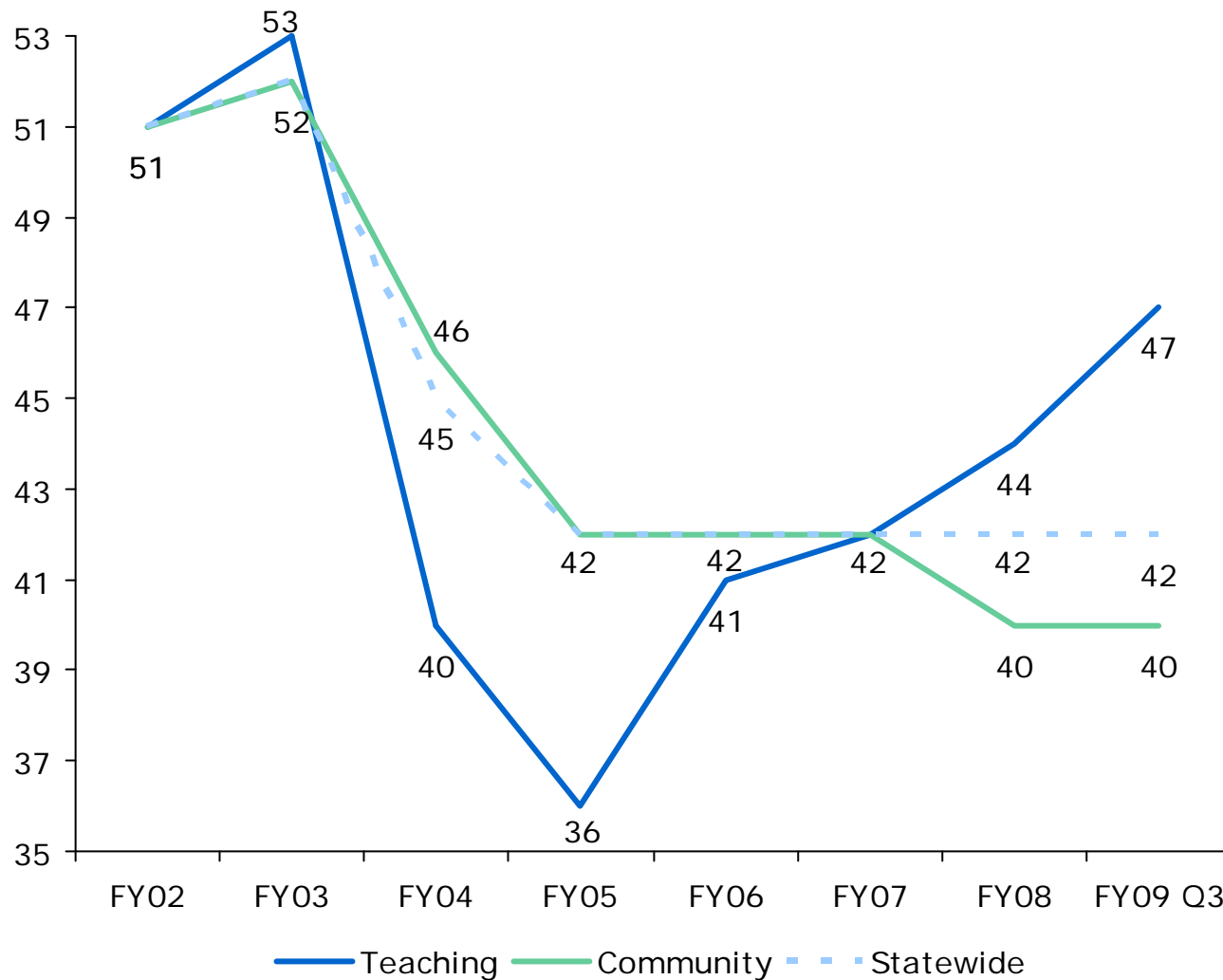
**Benchmark: Northeast US
median FY07 = 1.53**

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Current ratio is the ratio of current assets to current liabilities.



Acute Hospital Median Days in Accounts Receivable Teaching vs. Community Hospitals



Teaching hospitals took about seven days longer than community hospitals to collect revenue during the first three quarters of FY09.

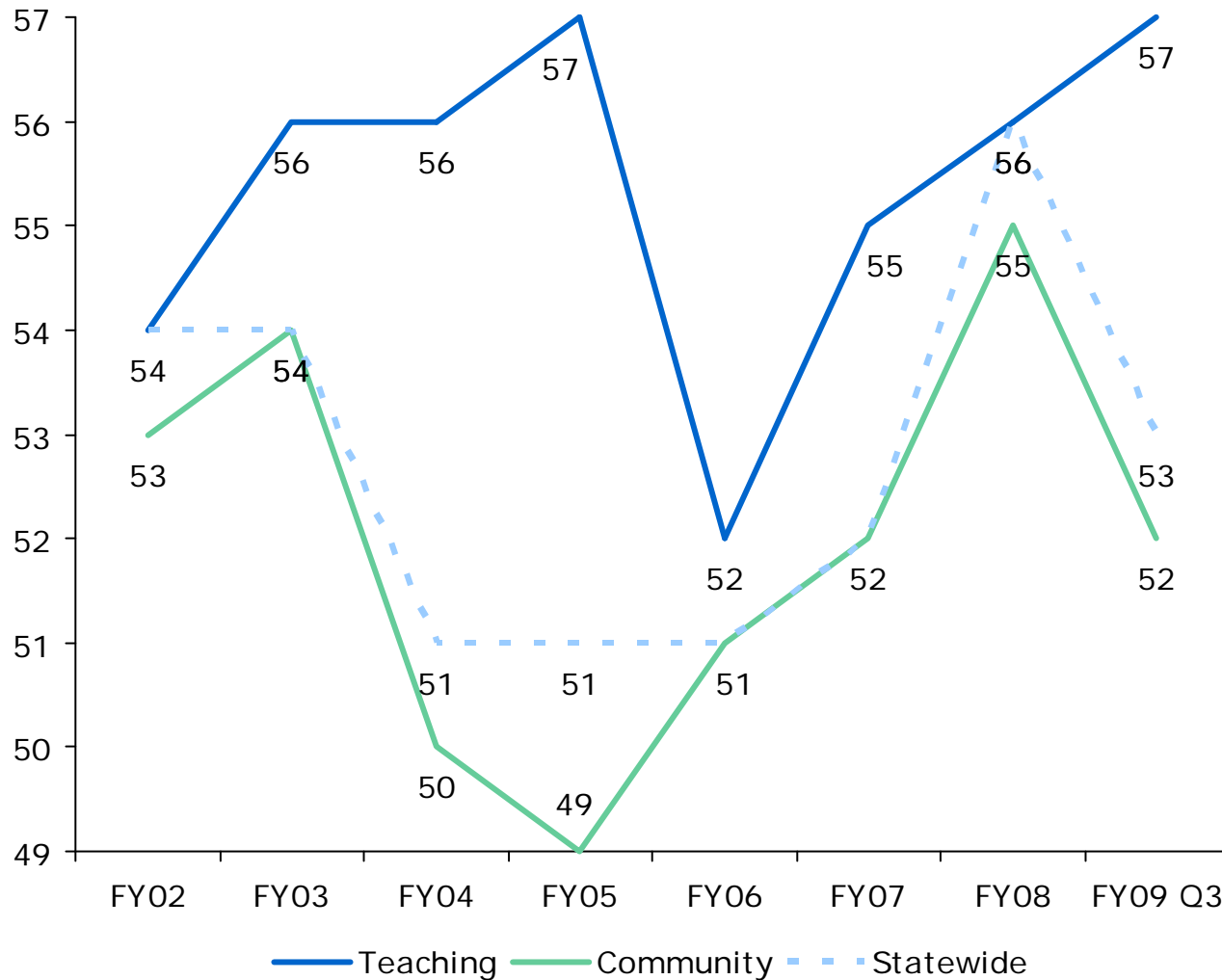
Benchmark: Northeast US median FY07 = 46.8

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Days in accounts receivable is the ratio of net patient accounts receivable to net patient service revenue/(quarters of data x 91.25).



Acute Hospital Median Average Payment Period Teaching vs. Community Hospitals



Teaching hospitals took about three days longer than community hospitals to pay their bills during the first three quarters of FY09.

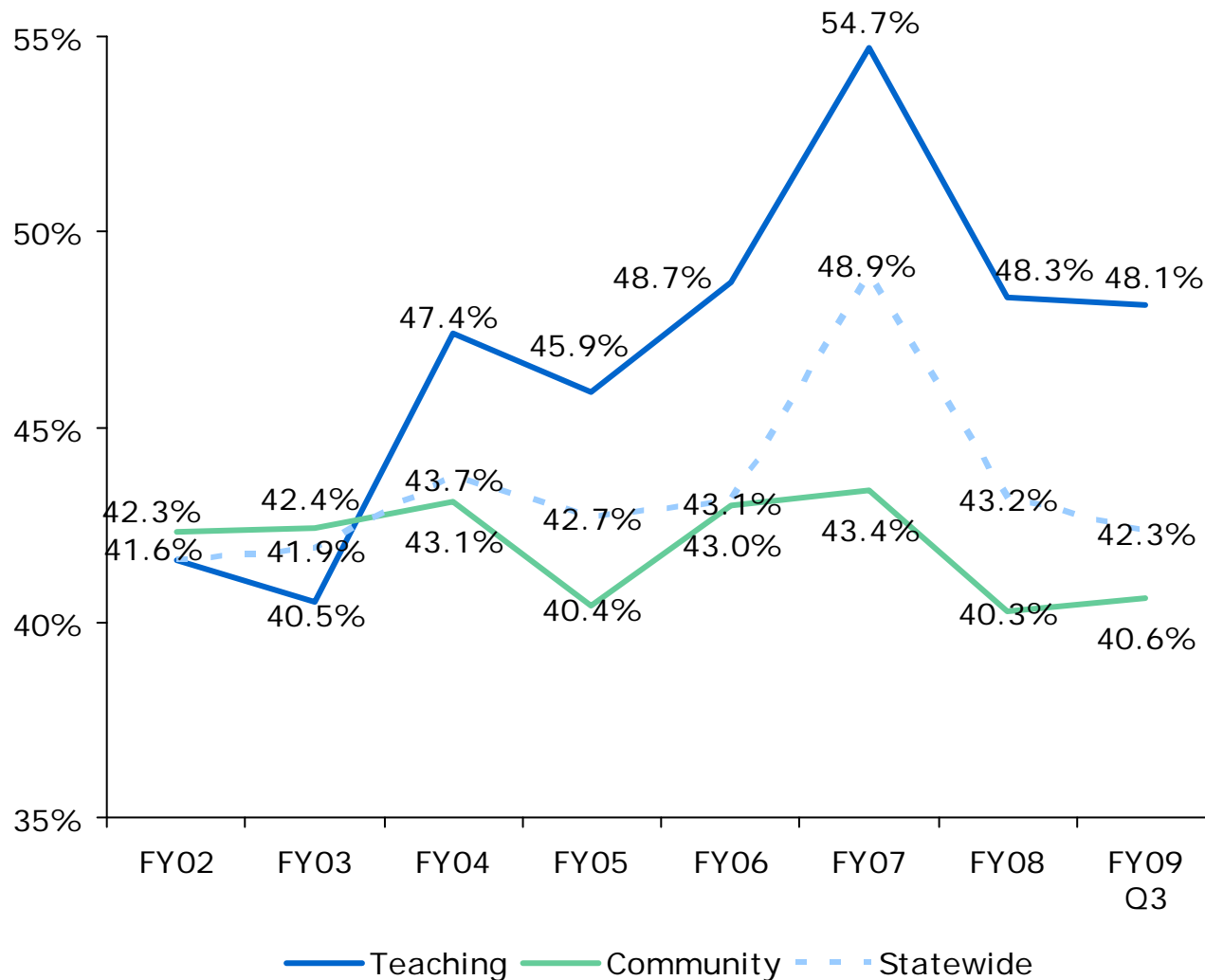
Benchmark: Northeast US median FY07 = 60.7

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Average payment period is the ratio of current liabilities less estimated third-party settlements to total expenses less depreciation and amortization/quarters of data x 91.25.



Acute Hospital Median Equity Financing Teaching vs. Community Hospitals



Teaching hospitals have greater equity financing than community hospitals. The median equity financing ratio remained fairly stable for teaching and community hospitals during the first three quarters of FY09.

Benchmark: Northeast US median FY07 = 48.3%

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Equity financing is the ratio of total net assets to total assets.



Disproportionate Share and All Other Hospitals

- In this analysis, the Division of Health Care Finance and Policy defines disproportionate share hospitals (DSHs) as those hospitals with a large percentage (63% or more) of patient charges attributed to Medicare, Medicaid, other government payers, and free care.
- Based on this definition and using a 2007 base year, the 18 hospitals listed below were assigned to the DSH cohort for all the years of this analysis.

Disproportionate Share Hospitals

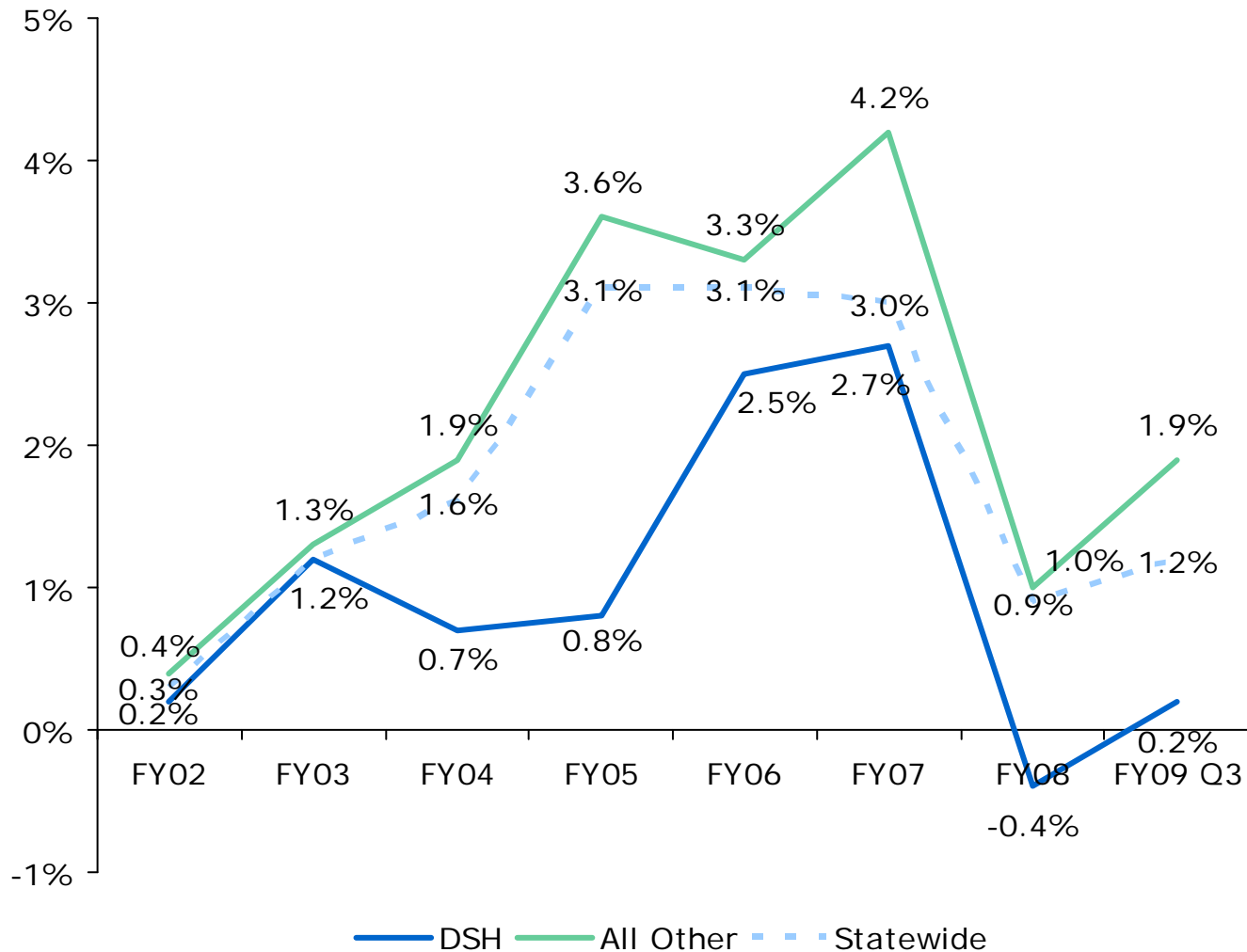
Berkshire Medical Center
 Boston Medical Center
 Cambridge Health Alliance
 Cape Cod Hospital
 Caritas Carney Hospital
 Caritas Good Samaritan Medical Center
 Caritas St. Elizabeth's Medical Center
 Clinton Hospital
 Holyoke Medical Center
 Lawrence General Hospital
 Mercy Medical Center
 Merrimack Valley Hospital
 North Adams Regional Hospital
 Quincy Medical Center
 Saint Anne's Hospital
 Saints Medical Center
 Signature Healthcare Brockton Hospital
 Southcoast Hospitals Group

All Other Hospitals

Anna Jaques Hospital
 Athol Memorial Hospital
 Baystate Franklin Medical Center
 Baystate Mary Lane Hospital
 Baystate Medical Center
 Beth Israel Deaconess Medical Center
 Beth Israel Deaconess Hospital-Needham
 Brigham and Women's Hospital
 Caritas Holy Family Hospital
 Caritas Norwood Hospital
 Children's Hospital Boston
 Cooley Dickinson Hospital
 Dana-Farber Cancer Institute
 Emerson Hospital
 Fairview Hospital
 Falmouth Hospital
 Faulkner Hospital
 Hallmark Health
 Harrington Memorial Hospital
 HealthAlliance Hospital
 Heywood Hospital
 Jordan Hospital
 Lahey Clinic
 Lowell General Hospital
 Marlborough Hospital
 Martha's Vineyard Hospital
 Massachusetts Eye and Ear Infirmary
 Massachusetts General Hospital
 MetroWest Medical Center
 Milford Regional Medical Center
 Milton Hospital
 Morton Hospital and Medical Center
 Mount Auburn Hospital
 Nantucket Cottage Hospital
 Nashoba Valley Medical Center
 New England Baptist Hospital
 Newton-Wellesley Hospital
 Noble Hospital
 North Shore Medical Center
 Northeast Hospital
 South Shore Hospital
 Saint Vincent Hospital
 Sturdy Memorial Hospital
 Tufts Medical Center
 UMass Memorial Medical Center
 Winchester Hospital
 Wing Memorial Hospital and Medical Centers



Acute Hospital Median Total Margin Disproportionate Share vs. All Other Hospitals



Disproportionate share hospitals generally have lower total profitability than other hospitals.

Median total profits for disproportionate share hospitals increased during the first three quarters of FY09 compared with FY08.

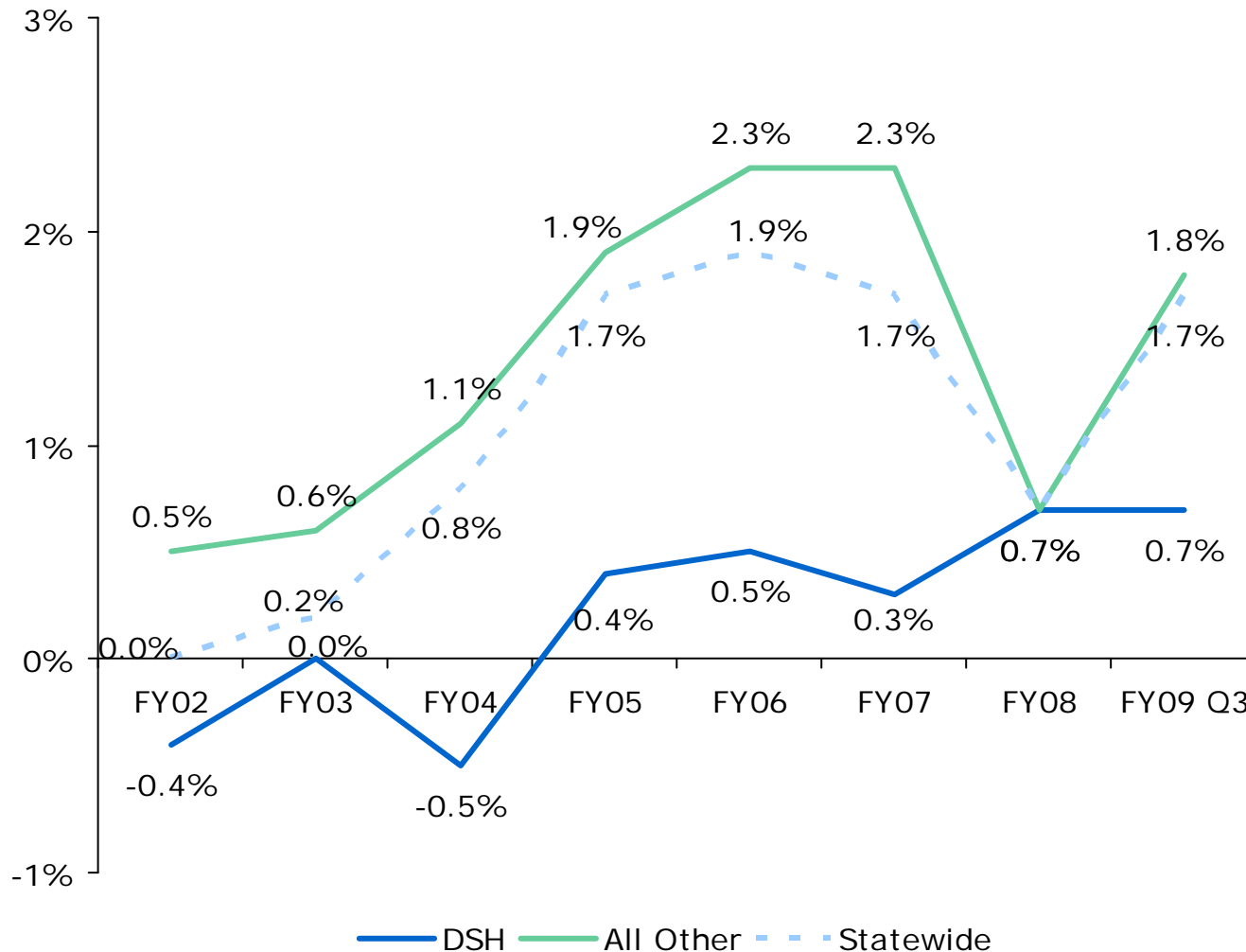
**Benchmark: Northeast US
median FY07 = 2.7%**

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Total margin is the ratio of total income to total revenue.



Acute Hospital Median Operating Margin Disproportionate Share vs. All Other Hospitals



Historically, disproportionate share hospitals tend to be less profitable from operations than other hospitals.

Median operating margin improved for all other hospitals and remained stable for disproportionate share hospitals during the first three quarters of FY09 compared with FY08.

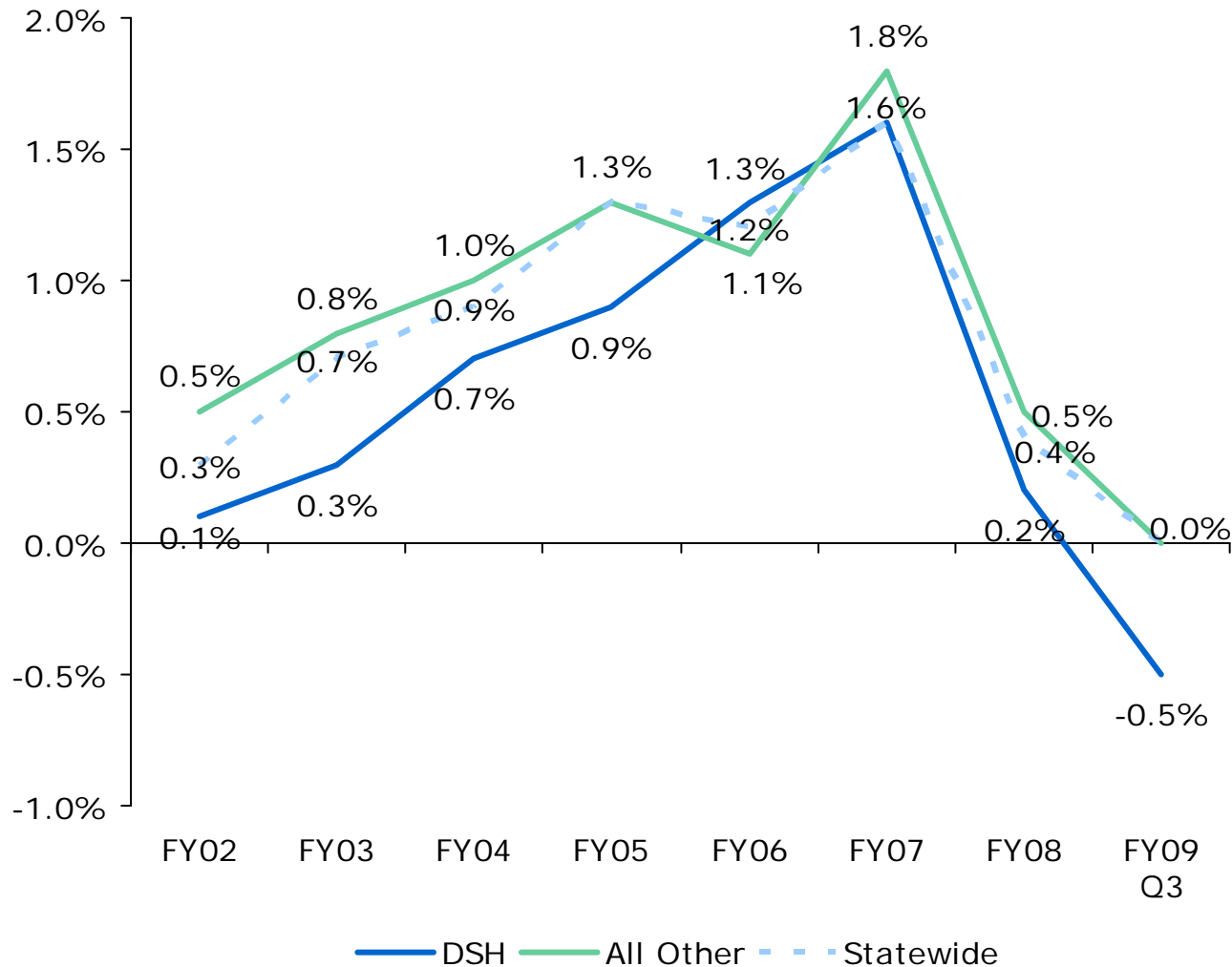
Benchmark: Northeast US median FY07 = 1.5%

Benchmark Source: INGENIX Consulting based on the hospital financial database used for the 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Operating margin is the ratio of operating income to total revenue.



Acute Hospital Median Non-Operating Margin Disproportionate Share vs. All Other Hospitals



Non-operating margins continued to decline for all hospitals during the first three quarters of FY09.

Declines in non-operating margins reflect reductions in income related to investments, including interest, dividends, and realized gains/losses on securities sales as well as declines in unrestricted charitable donations.

Benchmark: Northeast US median FY07 = 1.1%

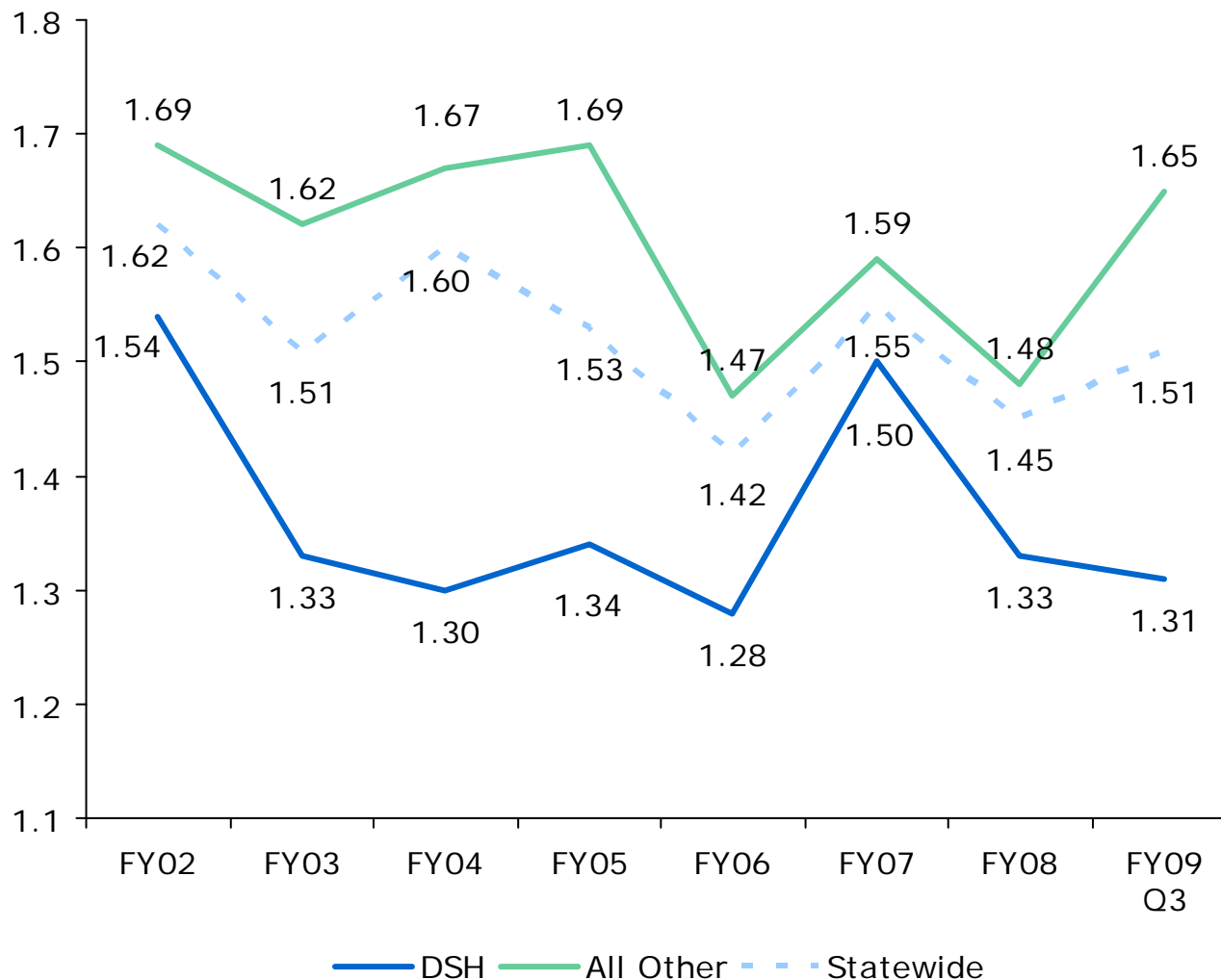
Benchmark Source: INGENIX Consulting based on the hospital financial database used for the 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Non-operating margin is the ratio of non-operating income to total revenue.



Acute Hospital Median Current Ratio

Disproportionate Share vs. All Other Hospitals



Disproportionate share hospitals' ability to pay current bills is not as strong as that of other hospitals.

Their median current ratio of 1.31 was lower than the statewide median of 1.51 during the first three quarters of FY09.

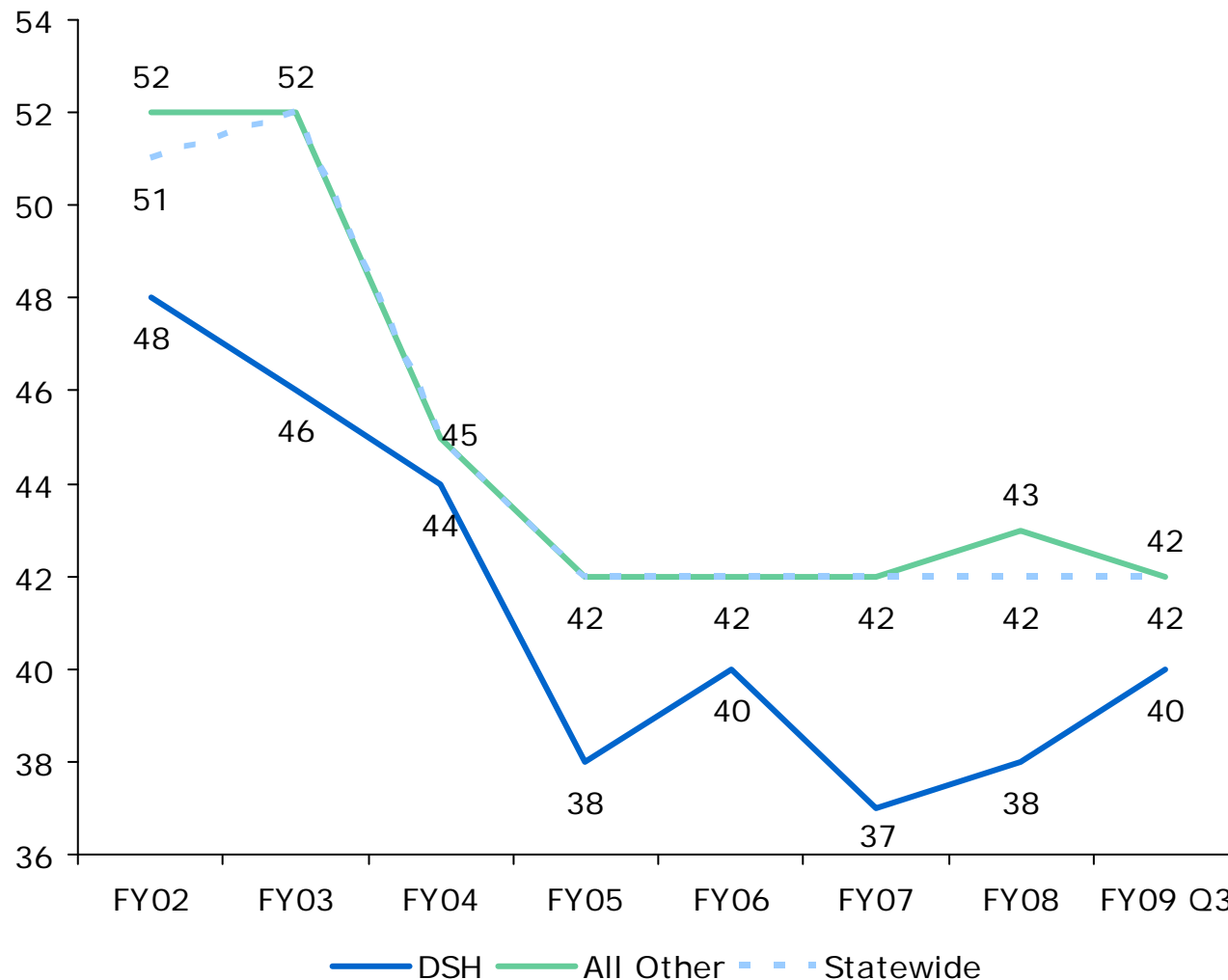
Benchmark: Northeast US median FY07 = 1.53

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Current ratio is the ratio of current assets to current liabilities.



Acute Hospital Median Days in Accounts Receivable Disproportionate Share vs. All Other Hospitals



All hospitals median days to collect their accounts receivable ranged from 40 to 42 days during the first three quarters of FY09.

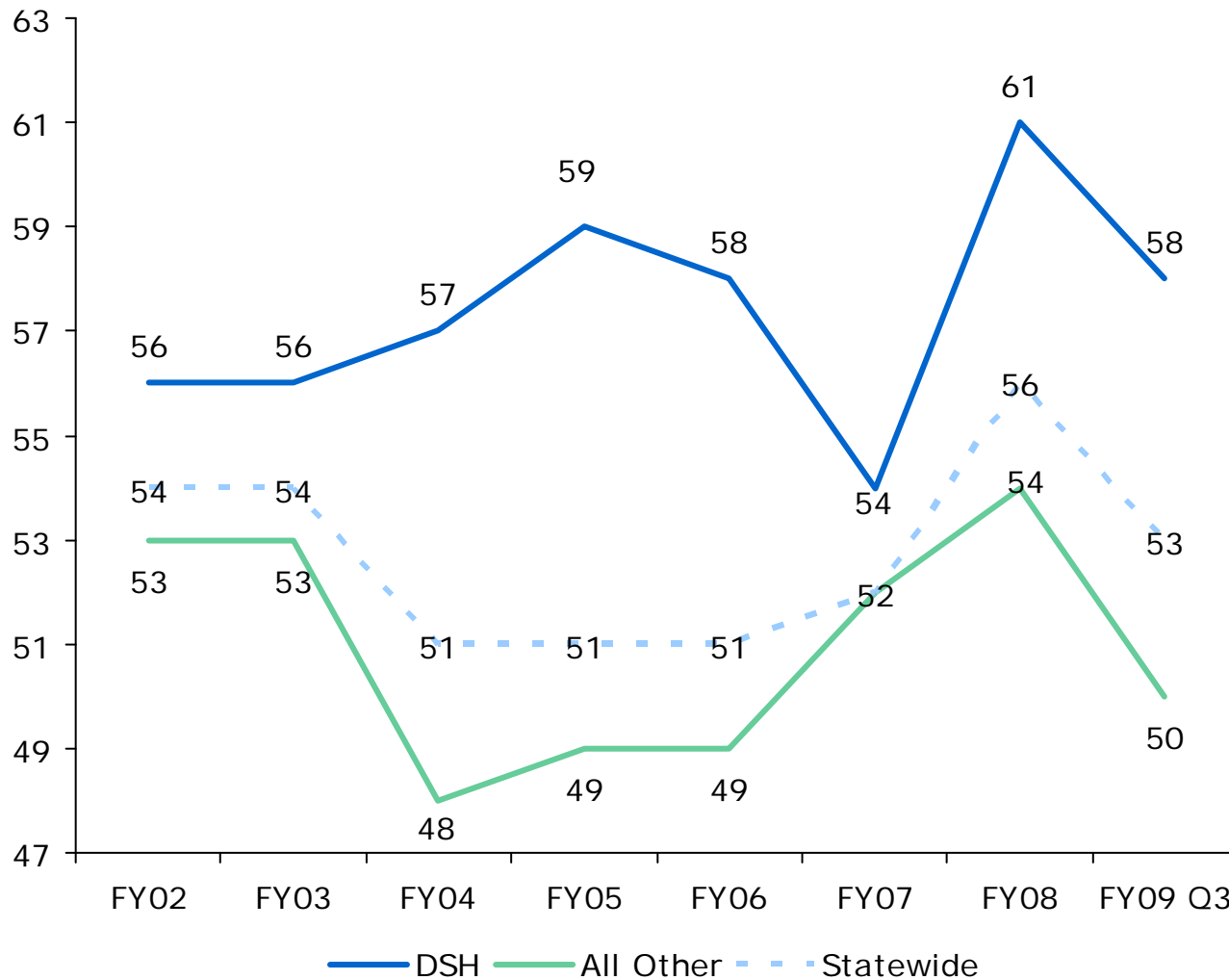
Benchmark: Northeast US median FY07 = 46.8

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Days in accounts receivable is the ratio of net patient accounts receivable to net patient service revenue/(quarters of data x 91.25).



Acute Hospital Median Average Payment Period Disproportionate Share vs. All Other Hospitals



Historically, disproportionate share hospitals have taken longer to pay bills than other hospitals.

Disproportionate share hospitals took about 8 days longer to pay their bills than other hospitals during the first three quarters of FY09.

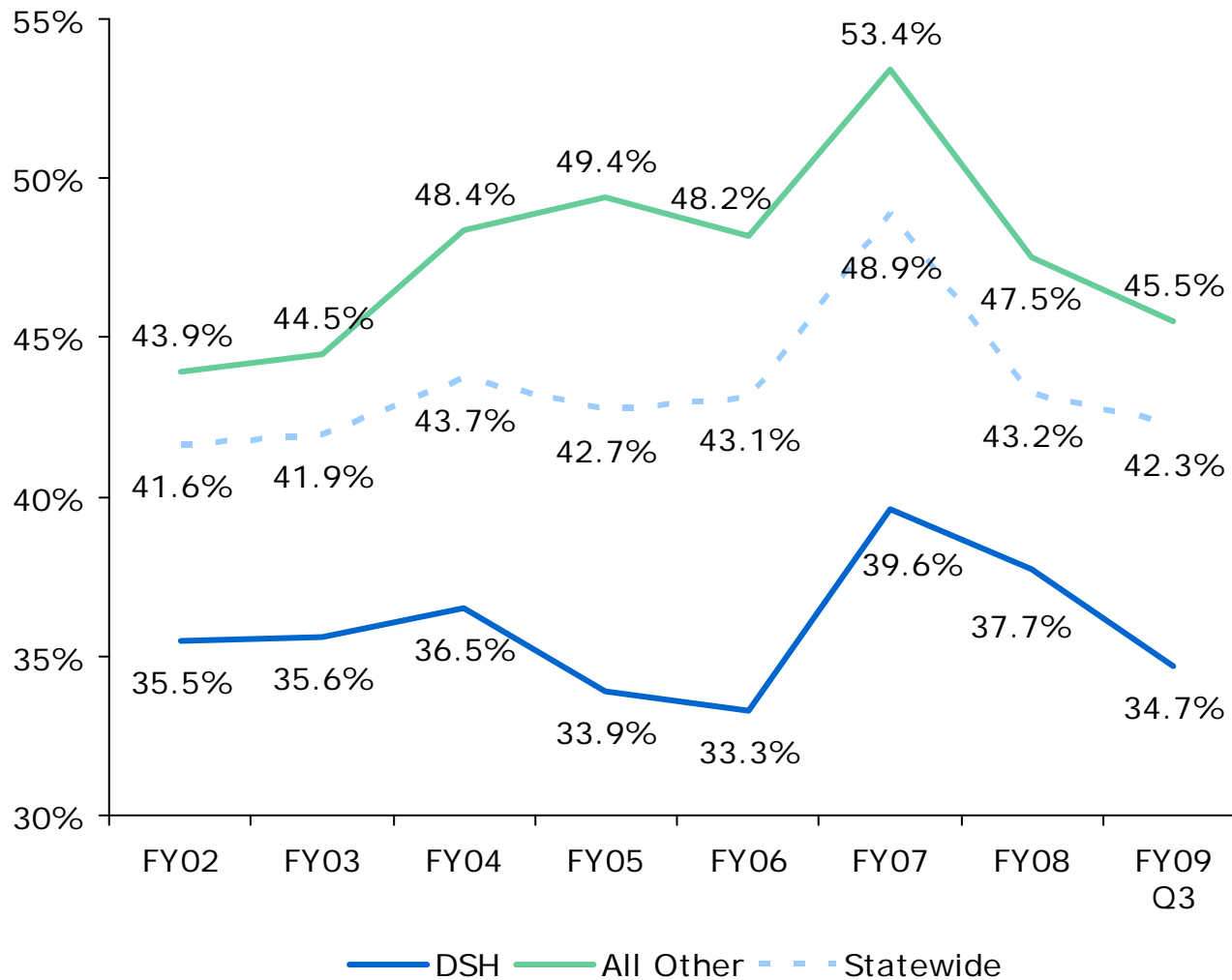
Benchmark: Northeast US median FY07 = 60.7

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Average payment period is the ratio of current liabilities less estimated third-party settlements to total expenses less depreciation and amortization/quarters of data x 91.25.



Acute Hospital Median Equity Financing Disproportionate Share vs. All Other Hospitals



The median equity financing ratio decreased for all hospitals during the first three quarters of FY09.

Benchmark: Northeast US median FY07 = 48.3%

Benchmark Source: 2009 Almanac of Hospital Financial and Operating Indicators, INGENIX

Note: Equity financing is the ratio of total net assets to total assets.



Acute Hospital Financial Performance

Fiscal Year 2009 through Quarter 3

Hospitals	Operating Margin	Non-Operating Margin	Total Margin	Profit (Loss)
Teaching				
Baystate Medical Center	7.4%	-3.9%	3.5%	22,163,000
Beth Israel Deaconess Medical Center	-0.7%	0.9%	0.2%	1,724,000
Boston Medical Center*	-1.3%	-1.2%	-2.6%	-19,064,000
Brigham and Women's Hospital	4.8%	-0.1%	4.7%	72,409,000
Cambridge Health Alliance*	-8.8%	0.9%	-8.0%	-41,739,382
Caritas St. Elizabeth's Medical Center*	-0.6%	-1.4%	-2.0%	-4,099,110
Children's Hospital Boston	7.4%	1.8%	9.3%	89,287,000
Dana-Farber Cancer Institute	-5.6%	3.2%	-2.5%	-14,221,240
Lahey Clinic	4.5%	-1.9%	2.6%	16,277,758
Massachusetts Eye and Ear Infirmary	-0.8%	-3.5%	-4.3%	-4,204,449
Massachusetts General Hospital	5.4%	-0.2%	5.2%	102,492,000
Mount Auburn Hospital	5.2%	-1.9%	3.4%	7,103,741
Saint Vincent Hospital	7.8%	0.0%	7.8%	18,374,051
Tufts Medical Center	-3.5%	0.0%	-3.5%	-15,642,000
UMass Memorial Medical Center	3.9%	-0.6%	3.3%	31,533,384
Community				
Anna Jaques Hospital	1.8%	-0.1%	1.7%	1,362,805
Athol Memorial Hospital	0.7%	0.2%	0.9%	170,011
Baystate Franklin Medical Center	-0.3%	0.7%	0.4%	274,000
Baystate Mary Lane Hospital	-0.2%	2.9%	2.7%	676,000
Berkshire Medical Center*	0.7%	-0.8%	-0.1%	-287,771
Beth Israel Deaconess Hospital-Needham	2.5%	0.4%	2.8%	1,041,050
Cape Cod Hospital*	1.5%	0.0%	1.5%	3,941,249
Caritas Carney Hospital*	3.5%	-1.0%	2.5%	2,249,890
Caritas Good Samaritan Medical Center*	5.6%	0.0%	5.6%	8,306,835
Caritas Holy Family Hospital	3.0%	0.0%	3.0%	3,306,134
Caritas Norwood Hospital	0.2%	-0.6%	-0.5%	-540,516
Clinton Hospital*	0.0%	1.1%	1.1%	206,000
Cooley Dickinson Hospital	6.7%	0.3%	7.0%	8,953,824
Emerson Hospital	-0.8%	-0.4%	-1.2%	-1,584,417
Fairview Hospital	1.8%	-0.5%	1.3%	355,803
Falmouth Hospital	4.8%	0.4%	5.2%	5,358,455
Faulkner Hospital	1.7%	0.3%	2.0%	2,753,000
Hallmark Health	4.1%	1.5%	5.7%	11,736,000

Hospitals	Operating Margin	Non-Operating Margin	Total Margin	Profit (Loss)
Community				
Harrington Memorial Hospital	0.3%	-7.0%	-6.7%	-4,131,339
Health Alliance Hospital	4.8%	-1.0%	3.8%	4,555,918
Heywood Hospital	1.1%	-1.5%	-0.4%	-252,668
Holyoke Medical Center*	-1.0%	0.2%	-0.8%	-681,332
Hubbard Regional Hospital	See notes			
Jordan Hospital	-0.2%	-0.2%	-0.4%	-516,475
Lawrence General Hospital*	1.5%	-0.3%	1.2%	1,600,000
Lowell General Hospital	2.1%	-2.2%	-0.1%	-172,884
Marlborough Hospital	0.8%	-1.3%	-0.4%	-211,000
Martha's Vineyard Hospital	0.9%	2.1%	3.0%	1,494,444
Mercy Medical Center*	1.3%	7.0%	8.3%	9,496,466
Merrimack Valley Hospital*	-0.5%	0.0%	-0.5%	-210,746
MetroWest Medical Center	-4.0%	0.2%	-3.9%	-9,615,651
Milford Regional Medical Center	2.9%	0.3%	3.2%	4,405,260
Milton Hospital	1.7%	-3.1%	-1.4%	-701,618
Morton Hospital and Medical Center	4.1%	0.2%	4.3%	4,218,481
Nantucket Cottage Hospital	-13.9%	3.4%	-10.6%	-2,593,000
Nashoba Valley Medical Center	1.9%	0.0%	1.9%	642,533
New England Baptist Hospital	1.7%	3.0%	4.7%	6,662,000
Newton-Wellesley Hospital	4.0%	0.1%	4.1%	10,999,000
Noble Hospital	-0.6%	0.1%	-0.4%	-171,655
North Adams Regional Hospital*	0.8%	-6.4%	-5.6%	-2,489,406
North Shore Medical Center	2.3%	0.1%	2.4%	8,144,000
Northeast Hospital	1.8%	-0.9%	0.9%	2,148,936
Quincy Medical Center*	-0.4%	0.2%	-0.2%	-183,652
Saint Anne's Hospital*	6.7%	-1.6%	5.1%	5,374,766
Saints Medical Center*	0.0%	-1.3%	-1.2%	-1,237,000
Signature Healthcare Brockton Hospital*	2.0%	-1.5%	0.5%	770,272
South Shore Hospital	2.6%	-5.3%	-2.7%	-7,572,932
Southcoast Hospitals Group*	3.1%	-1.5%	1.6%	7,487,346
Sturdy Memorial Hospital	8.8%	-18.6%	-9.8%	-9,411,160
Winchester Hospital	3.9%	-0.2%	3.7%	6,987,441
Wing Memorial Hospital	0.5%	0.7%	1.2%	634,000

*Denotes Disproportionate Share Hospital.

Notes: Hubbard Regional Hospital is now Harrington Healthcare at Hubbard (part of Harrington Memorial Hospital) as of May, 2009. This analysis uses the most currently available hospital quarterly data. There are 5 (out of 65) acute hospitals with fiscal year ends other than September 30. These 5 hospitals' most currently available quarterly data are: for Cambridge Health Alliance, Martha's Vineyard Hospital, and MetroWest Medical Center FY09 Q4, for Saint Vincent Hospital, FY09 Q3, and for Mercy Medical Center, FY09 Q2.



Acute Hospital Financial Performance

Fiscal Year 2008

Hospitals	Operating Margin	Non-Operating Margin	Total Margin	Profit (Loss)
Teaching				
Baystate Medical Center	5.48%	0.86%	6.34%	\$53,334,000
Beth Israel Deaconess Medical Center	2.46%	0.77%	3.23%	\$39,328,000
Boston Medical Center*	6.44%	-1.27%	5.17%	\$54,986,048
Brigham and Women's Hospital	5.15%	-0.13%	5.03%	\$95,721,000
Cambridge Health Alliance*	-6.77%	1.25%	-5.51%	(\$29,448,181)
Caritas St. Elizabeth's Medical Center*	1.83%	-2.24%	-0.41%	(\$1,483,929)
Children's Hospital Boston	4.07%	1.26%	5.33%	\$63,381,000
Dana-Farber Cancer Institute	-5.58%	-1.69%	-7.27%	(\$49,469,327)
Lahey Clinic	3.83%	-0.07%	3.76%	\$30,111,095
Massachusetts Eye and Ear Infirmary	-9.42%	7.04%	-2.37%	(\$3,589,528)
Massachusetts General Hospital	4.62%	-0.31%	4.31%	\$106,649,000
Mount Auburn Hospital	5.09%	-1.20%	3.89%	\$10,501,964
Saint Vincent Hospital	7.44%	-0.01%	7.42%	\$22,196,757
Tufts Medical Center	-1.14%	-1.39%	-2.53%	(\$14,673,000)
UMass Memorial Medical Center	4.08%	0.19%	4.27%	\$53,129,554
Community				
Anna Jaques Hospital	0.73%	0.12%	0.85%	\$850,914
Athol Memorial Hospital	0.68%	0.45%	1.12%	\$257,812
Baystate Franklin Medical Center	-2.48%	1.04%	-1.43%	(\$1,180,000)
Baystate Mary Lane Hospital	-1.04%	2.03%	0.99%	\$321,000
Berkshire Medical Center*	2.14%	1.54%	3.68%	\$11,957,432
Beth Israel Deaconess Hospital-Needham	1.39%	0.40%	1.79%	\$818,552
Cape Cod Hospital*	-4.05%	0.88%	-3.17%	(\$11,362,263)
Caritas Carney Hospital*	0.70%	0.44%	1.14%	\$1,334,649
Caritas Good Samaritan Medical Center*	0.00%	0.00%	0.00%	\$8,417
Caritas Holy Family Hospital	1.31%	0.00%	1.31%	\$1,976,575
Caritas Norwood Hospital	-2.50%	-1.37%	-3.87%	(\$5,814,182)
Clinton Hospital*	1.01%	1.96%	2.97%	\$785,447
Cooley Dickinson Hospital	2.33%	0.81%	3.13%	\$5,101,153
Emerson Hospital	-2.53%	1.06%	-1.47%	(\$2,448,065)
Fairview Hospital	3.55%	0.95%	4.50%	\$1,592,437
Falmouth Hospital	-3.09%	3.89%	0.80%	\$1,099,294
Faulkner Hospital	-0.28%	0.55%	0.27%	\$471,000
Hallmark Health	0.44%	0.47%	0.91%	\$2,450,000

Hospitals	Operating Margin	Non-Operating Margin	Total Margin	Profit (Loss)
Community				
Harrington Memorial Hospital	-3.34%	3.82%	0.48%	\$364,687
Health Alliance Hospital	5.45%	-0.79%	4.66%	\$7,377,665
Heywood Hospital	-0.60%	1.41%	0.81%	\$720,349
Holyoke Medical Center*	-0.99%	0.21%	-0.78%	(\$951,615)
Hubbard Regional Hospital	-8.19%	-0.32%	-8.51%	(\$1,874,597)
Jordan Hospital	-0.90%	0.50%	-0.40%	(\$728,020)
Lawrence General Hospital*	1.64%	0.87%	2.51%	\$4,120,000
Lowell General Hospital	1.22%	-0.18%	1.04%	\$1,966,929
Marlborough Hospital	-0.61%	0.68%	0.08%	\$49,977
Martha's Vineyard Hospital	2.20%	3.49%	5.69%	\$2,647,444
Mercy Medical Center*	n/a	n/a	n/a	n/a
Merrimack Valley Hospital*	-6.01%	0.00%	-6.01%	(\$3,275,192)
MetroWest Medical Center	-3.62%	0.21%	-3.41%	(\$8,116,041)
Milford Regional Medical Center	3.39%	2.04%	5.43%	\$9,542,160
Milton Hospital	-4.64%	1.77%	-2.87%	(\$1,750,890)
Morton Hospital and Medical Center	0.36%	3.79%	4.14%	\$5,328,626
Nantucket Cottage Hospital	-8.13%	6.56%	-1.57%	(\$527,000)
Nashoba Valley Medical Center	-0.96%	0.00%	-0.96%	(\$427,612)
New England Baptist Hospital	0.96%	2.71%	3.68%	\$6,587,000
Newton-Wellesley Hospital	2.87%	0.94%	3.81%	\$12,870,000
Noble Hospital	-0.86%	0.32%	-0.55%	(\$294,163)
North Adams Regional Hospital*	5.48%	1.26%	6.75%	\$4,334,579
North Shore Medical Center	0.44%	0.21%	0.64%	\$2,813,000
Northeast Hospital	1.71%	-3.01%	-1.30%	(\$3,843,899)
Quincy Medical Center*	-2.33%	-0.21%	-2.54%	(\$2,677,752)
Saint Anne's Hospital*	3.71%	-4.51%	-0.81%	(\$1,077,037)
Saints Medical Center*	-1.12%	-1.37%	-2.49%	(\$3,281,000)
Signature Healthcare Brockton Hospital*	-3.18%	0.55%	-2.63%	(\$5,158,093)
South Shore Hospital	1.86%	-1.65%	0.20%	\$716,924
Southcoast Hospitals Group*	2.58%	-1.22%	1.36%	\$8,129,570
Sturdy Memorial Hospital	8.49%	-2.23%	6.26%	\$9,230,619
Winchester Hospital	2.89%	0.23%	3.12%	\$7,583,429
Wing Memorial Hospital	0.50%	0.60%	1.10%	\$702,734

*Denotes Disproportionate Share Hospital.

Notes: Recently, government employers, including Cambridge Health Alliance, were required to implement a new government accounting rule (GASB 45) that required them to record in their financial statements the present value of future retiree health benefit costs. In complying with this new rule, Cambridge Health Alliance's balance sheet reflects a \$221.9M liability and associated operating expense of \$12.7M for its 2008 fiscal year. Mercy Hospital has a 12/31 year end and data for Mercy were not yet available at the time this analysis was completed.



Report Notes

- The findings in this report are based on the filings of 66 acute hospitals through FY08, and 65 hospitals for FY09Q3; sixty hospitals have fiscal year ends October 1 through September 30. Five hospitals have different year ends: Cambridge Health Alliance, MetroWest Medical Center, and Saint Vincent Hospital have June 30 year ends, Martha's Vineyard Hospital has a March 31 year end. Mercy Medical Center has a December 31 year end.
- Quarterly financial data are as filed by the hospitals to the Division of Health Care Finance and Policy. This analysis uses the most currently available quarterly data from each hospital. Caution should be taken when interpreting quarterly results as quarterly performance may not necessarily be indicative of year end results.
- Depending on the organization of each hospital, data may exclude other aspects of some hospitals' financial health, such as financial performance of endowments or the financial health of parent companies or other affiliated organizations.
- Quartile values can shed light on information about the distribution of financial ratio values across hospitals. Often, averages can be materially affected by outlier/extreme values at the low and high ends of a distribution. Examining quartiles, therefore, is a preferred means of assessing the overall distribution of values across hospitals. For instance, the ratio values of one-quarter of the hospitals at the lower end of the distribution will fall at or below the 25th quartile value. Similarly, the ratio values of one-quarter of the hospitals at the upper end of the distribution will fall at or above the 75th quartile value. The 50th percentile is the median of the distribution of values. Half of the hospitals' financial ratio values will fall below the median, and half will fall above the median. These quartile measures are particularly useful when a distribution is markedly skewed, or where it is generally symmetrical but includes a few outliers.
- This report uses benchmarks from the 2009 Almanac of Hospital Financial and Operating Indicators published by Ingenix. There is a two-year lag from the publication data, therefore the most current benchmark data for this report are 2007 data. The Almanac does not provide benchmarks for operating or non-operating margins, so these two benchmarks were calculated independently based on the same INGENIX database that is used for the Almanac.



Report Contributors:

Cindy Wacks, Mary Byrnes, Tom Faiella, Kate Nordahl, and Peg O'Brien

Division of Health Care Finance and Policy

Two Boylston Street

Boston, Massachusetts 02116

Phone: (627) 988-3100

Fax: (617) 727-7662

Website: www.mass.gov/dhcfp

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